Wednesday
2nd February, 1949

THE CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART I—QUESTIONS AND ANSWERS)]

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(PART I—QUESTIONS AND ANSWERS)

Wednesday, 2nd February, 1949.

The Assembly met in the Assembly Chamber of the Council House at a Quarter to Eleven of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS.

CONFERENCES HELD BY MINISTRY OF AGRICULTURE

*38. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Agriculture be pleased to state the number of conferences of provincial Ministers, public men and others held by the Ministry of Agriculture during the year 1948 to discuss matters relating to agriculture, Grow More Food and control of food and other ancilliary subjects?

(b) What is the result of such conferences and what is the expenditure incurred on such conferences by various Governments?

(c) Have all the cultivable areas been brought under cultivation during 1948 and if so, with what result?

(d) Has the quantity of cereals etc., imported from foreign countries been reduced as compared with previous years? If not, why not?

The Honourable Shri Jairamdas Doulatram: (a) The Ministry of Agriculture convened in 1948 in all eight conferences relating to (i) import, export and production of vegetable and flower seeds, (ii) import of agricultural machinery, (iii) development of refrigeration, (iv) standard grades for foreign trades in Castor Oil, (v) agricultural census, food production targets and other measures, (vi) fisheries, (vii) ghee grading and other activities of the ministry, and (viii) improved method of marketing.

(b) The conferences were called to discuss important problems of common concern to the Provincial State and other interests represented at the conferences, and facilitate common action. The conferences while providing for the fullest consultation between the Centre, Provinces and States and other interests secured for the Ministry the advice of all those whose co-operation is essential before any important plans or schemes of common concern to the whole country could be formulated and implemented. A statement showing the object of convening each conference and the concrete and practicable proposals that emerged as a result of the discussions is placed on the table of the House.

The total expenditure incurred by the Central Government on these eight conferences is about Rs. 21,837. The expenditure relates mainly to Travelling Allowance of non-official members who attended the conferences. The expenditure incurred by Provincial Governments, in deputing representatives is not known.

(c) Statistically there are 65 million acres of culturable wasteland. But it is probable that not all this can be profitably cultivated. Schemes for gradual reclamation of land are being undertaken. However the area reclaimed by Provinces during 1948 amounted to 4,66,601 acres. The total production of eight major foodgrains in the reporting area of the Indian Union during 1947-48 amounted to about 42·66 million tons as against about 42·07 million tons in 1946-47.

(d) It has not been possible to reduce the imports during 1948. This is due to the cumulative effect of a number of factors the important among which are:

(1) Re-imposition of food controls with effect from 1st October, 1948, and the necessity for the Government of India and Provincial Governments to keep requisite stocks to meet Government commitments.

(2) Increased shortage in internal availabilities due to (i) widespread failure of rains which has resulted in famine conditions over a large area of Cutch, Saurashtra, Baroda, Gujrat, Districts of Bombay, Jodhpur, Jaisalmar and parts of Bikaner and Jaipur, (ii) Severe damage to U.P. and Bihar crops on account of heavy floods and in Bombay and C.P. on account of cyclone, and consequent rains.

(3) Steady increase in population at the assumed rate of 4 millions per year necessitating additional provision every year of half a million tons of foodgrains.

(4) Partition and the consequent loss to India of the surplus areas of the North-west resulting in a considerable increase of the deficit of the Indian Union.

Statement showing in brief the Conferences convened by the Ministry of Agriculture in 1948, the objectives of the Conferences and the results achieved

Name of Conference	Object	Results achieved
(1)	(2)	(3)
(1) Conference of representatives of Central, Provincial and State Governments, and seed growers and merchants.	This is an annual conference held to discuss problems of import, export and production of vegetable and flower seeds.	As a result of the recommendations made at the coference government have (a) decided to set up central Vegetable Breeding Stations at suitable places. (b) re-imposed control on the import of vegetable seeds and (c) decontrolled exports of flower seeds and restricted export of vegetable seeds under a system of licencing.
(2) Conference of representatives of importers and users of Agricultural Machinery and Officials of Ministry of Agriculture.	To lay down guiding principals for the import of Agricultural Machinery.	As a result of agreement reached at the conference Government have taken steps to regulate the import of tractors and Agricultural Machinery suitable to Indian conditions and consistant with the availability of petrol and other limiting factors.
(3) Refrigeration Development Conference of representatives of Central, Provincial and State Governments trade and growers.	To consider the measures to be taken for the planned development of the refrigeration Industry which is still in its infancy in India.	The conference made a number of suggestions and recommendations on (1) Inducing growers to take advantage of cold storage (2) equitable distribution of the benefits of the Refrigeration industry between growers and owners of cold storage plants (3) setting up of Refrigeration plant by co-operative societies (4) Government participating in ownership of Industry (5) organising refrigerated transport (6) training personnel to run the industry (7) manufacturing cold storage plants in India etc. The recommendations are under examination by the respective Governments.

Name of Conference	Object	Results achieved
(1)	(2)	(3)
(4) A conference of representatives of Central Government Departments Trade Representatives and Marketing Deptt. officials for prescribing standard grades for Castor Oil.	To lay down standard grades essential for developing the trade in Castor Oil particularly with foreign Governments.	The Conference approved certain rules for Castor Oil grading and marking and grade specifications. These are being notified to elicit public opinion before being adopted under the Agricultural Produce (Grading and Marking) Act, 1937.
(5) A conference of Ministers of Agriculture of Provinces and States and representatives of the Central Government.	To discuss certain important problems relating to agriculture which were of common concern to the country as a whole.	As a result of this conference certain concrete suggestions and proposals were made on (i) stabilisation of agricultural Prices (ii) agricultural census to be conducted in 1951 (iii) future forest Policy (iv) furtherance of food production (v) Revision of foodgrain targets etc. These are engaging the attention of Government.
(6) A conference of Directors and other representatives of the Fisheries Deptts. of the Provinces and States.	To consider measures to speed up the production of fish in India and so increase the food resources of this country.	The conference made valuable suggestions in the development of fisheries in India and passed 27 Resolutions on the development of Rivers and Streams; Conservation and development of fisheries as part of multi-purpose projects; Surveys of culturable waters. Improvement of fish curing yards; Intensification of Research; Central and Provincial spheres of Research etc. These recommendations are being examined by the Central and Provincial Governments with a view to their implementation wherever possible.
(7) Agmark Ghee Conference to consider the grading of Ghee under the Agmark.	To consider the grading of Ghee under the Agmark.	The Conference made a number of valuable suggestions on extension of Agmark grading for ghee; check on quality control of Agmark Ghee; penalty for unlawful use of Agmark labels; popularising Agmark Ghee; improved method of manufacture and Research on quality of Ghee. These recommendations when put into operation are expected to result in improving considerably the quality and marketing of this important article of food.
(8) Marketing Officers Conference.	To discuss means to improve methods of marketing of agricultural produce in the country.	This conference also focussed attention on a number of matters to improve marketing in India suchas marketing surveys; Regulation of markets; co-operative marketing; Warehouses; Weights and measures etc. The Government of India and Provincial Governments are examining these suggestions with a view to implementing them wherever possible.

Shri R. K. Sidhva: Arising out of parts (a) and (b) in answer to which the Honourable Minister stated that non-officials were also invited for these conferences, may I know whether the members of the Standing Committees of the Food and Agriculture Ministries were also invited for these conferences?

The Honourable Shri Jairamdas Doulatram: The non-officials who were invited were those who were concerned with the purpose or agenda of the conferences. For instance, when we discussed questions relating to agricultural machinery firms importing agricultural machinery were invited. When we discussed, for instance, the question of seeds the seed growers and seed traders were invited.

With regard to the members of the Standing Committee I understand from other Ministries that it is not usual to invite members of the Standing Committees to such conferences. I have, however, no objection to inviting the members of the Standing Committee to the more important conferences, where, for instance, we have provincial ministers or representatives to discuss larger questions and if it is desired by the House that all the members of the Standing Committee should be invited or some elected by them to represent them at these conferences, that could be done.

Shri R. K. Sidhva: Is it not a fact that to the Industries Conference the Minister for Industries invited the members of the Standing Committee for Industries?.

The Honourable Shri Jairamdas Doulatram: It is a fact that on that occasion members of the Standing Committee were invited. What I said was that most of the Ministries have not done so but that I have no objection to inviting the members.

Prof. N. G. Ranga: In view of the fact that a large number of conferences have had to be convened by this Ministry would it not be better that those members who expressed their wish to be invited to such and such a conference alone should be invited instead of the whole lot of them being invited every time, because so many of us are very busy with many other things also?

Mr. Speaker: I am afraid the question is argumentative.

Shri R. K. Sidhva: How many Food Committee meetings were called during this period when this conference was called and were the members taken into confidence?

The Honourable Shri Jairamdas Doulatram: If the question relates to the Standing Committee of the Food Ministry, then that meeting was not called when this conference was convened, so far as I can recall.

Shri S. V. Krishnamoorthy Rao: Is it not a fact that while more uncultivated land is being brought under cultivation, land already under cultivation has gone fallow? If so, what is the area involved and what steps have Government taken to check this tendency?

The Honourable Shri Jairamdas Doulatram: I would like to have notice with regard to the figures relating to such land. As regards the reasons why some land is going out of cultivation, for instance, in the Central Provinces, Bhopal and parts of Madhya Bharat on account of the depletion of bullock power during the war years, when a very large number of bullocks and cows were slaughtered for the American and other troops, people were not able to cultivate their lands and as a result some land has gone out of cultivation in those areas. If further details are required for all the provinces, I will get the information and place it before the House.

Shri B. P. Jhunjhunwala: Was the question of the failure of the Grow More Food Campaign ever discussed in any of these conferences?

The Honourable Shri Jairamdas Doulatram: There was a conference held about the middle or latter half of 1948 when the question was discussed as to the results of the Grow More Food Campaign.

Shri L. Krishnaswami Bharathi: Is it not a fact that members of the Standing Committee expressed their willingness and desire to be invited at these Food conferences?

The Honourable Shri Jairamdas Doulatram: I am sorry I did not catch the first part of the question.

Shri H. V. Kamath: Has the attention of the Honourable Minister been drawn to the Resolution on the 'Grow More Food Campaign' passed at the Jaipur session of the Congress to the effect that vegetables or other food crops should be raised on all available land, including compounds of houses?

The Honourable Shri Jairamdas Doulatram: Yes.

Shri H. V. Kamath: Will the spacious compounds of Honourable Ministers' houses be exempt from this rule?

Mr. Speaker: The question need not be answered.

Shri R. K. Sidhva: The Honourable Minister has given a long term plan. May I know whether Government have considered any short term plan to avoid the import from foreign countries of cereals in large quantities?

The Honourable Shri Jairamdas Doulatram: There can be no short term plan to make up a very large deficit. As honourable members know the Foodgrains Policy Committee went into the whole question of the shortage of food in this country and they recommended three major lines of action. One was the construction of large irrigation works dependent upon hydro-electric power. The second line of action was the reclamation of wasteland. And the third line of action was what is called the Grow More Food Campaign, which it was expected would yield three million tons in five years time. It is with regard to the last item that efforts are being concentrated so far as the Ministry of Agriculture is concerned. Quite recently the work of reclamation of land has been taken up. As regards the hydro-electric schemes with the help of which four million tons are to be produced, that naturally is a matter which will take some time and I understand that the Works, Mines and Power Ministry is trying to expedite the irrigation part of those schemes.

Babu Ramnarayan Singh: What are the ways in which the agricultural activities of the Provincial and Central Government are co-ordinated?

The Honourable Shri Jairamdas Doulatram: As you know, agriculture is a provincial subject and the Central Government have no powers except the function of research and some kind of informal co-ordination. The only venue of securing that co-ordination is these conferences. The Central Government under the present constitution or the future constitution has no power to issue any mandatory directives to the provinces in regard to production. It is only at these conferences that we try to co-ordinate our plans and see that some action is taken.

Shrimati Renuka Ray: May I know what steps have been taken so far to launch small irrigation schemes which will yield quick returns and how many such schemes are under way?

The Honourable Shri Jairamdas Doulatram: I would require notice as to the number of the small irrigation schemes because they will be in thousands: for instance, wells or *bunds* or small little canals, they will be in thousands all over the country.

Shrimati Renuka Ray: Is the Honourable Minister satisfied that small irrigation schemes have been launched sufficiently to bring in quick returns?

Mr. Speaker: Order, order; I am afraid the honourable member is asking for opinion.

Shri Mihir Lal Chattopadhyay: May I ask whether the Honourable Minister is aware that in some Provinces schemes like tank reclamation have been abandoned altogether?

The Honourable Shri Jairamdas Doulatram: I am not aware. If they have been abandoned it would be due to some special difficulties. If there is any specific reference given to me, I will make enquiries.

Shrimati G. Durgabai: May I know what is the amount proposed to be spent on the plans of the Grow More Food Campaign from the loan that we are negotiating?

The Honourable Shri Jairamdas Doulatram: Last year's budget for Grow More Food work was rupees four crores. We actually gave grants and loans for Rs. 3,36,00,000. The amount actually spent by the Provinces on cereal production—not other objects—was about Rs. 1 crore only.

Shri Deshbandhu Gupta: With reference to part (c) of the question may I know whether any additional area has been brought under cultivation in the Delhi Province and whether the Agricultural Development Commissioner who was to be appointed under the recent Act which was passed by the Legislature during the last Session has been appointed or not?

The Honourable Shri Jairamdas Doulatram: I would not be able to give detailed figures in respect of Delhi Province from memory just now, but I can supply them to the honourable member. With regard to the appointment of the official, as the honourable member is aware, certain names were considered and ultimately it was found that we will have to go outside Delhi and secure a suitable man. Other names were placed before me and are being considered.

FIRE AND LOSS IN CALCUTTA TELEPHONE EXCHANGE AND SCHEME FOR REMODELLING

*39. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Communications be pleased to state the cause of fire at the Telephone Exchange in Calcutta in October, 1948?

(b) What is the total loss and how many telephone connections have been affected?

(c) How many have since been restored? Are the new connections of the automatic system or of the old type?

(d) Do Government contemplate the remodelling of the entire Telephone Exchange system in Calcutta?

(e) If so, what is the total cost estimated and when is the work likely to be taken in hand and completed?

Shri Khurshed Lal (Deputy Minister for Communications): (a) As investigations are still proceeding, the exact cause is still not known.

(b) Excepting a small part which had new equipment installed about a year ago, all the other equipment was old and had outlived its useful life. As the old equipment was of hardly any value at all, the net loss is estimated at approximately Rs. 12 lakhs. The number of telephones affected is 6,052.

(c) 2,197 connections have since been restored. The connections given are all of manual type.

(d) Yes.

(e) The total estimated cost of automatising the entire Calcutta system is Rs. 1,340 lakhs. The work is scheduled to be taken in hand immediately and completed in five stages by the end of 1954.

Shri R. K. Sidhva: May I know whether each exchange panel is hermetically sealed, and if so how the fire simultaneously took place at all the exchanges?

Shri Khurshed Lal: The fire started at one board and then spread to others and could not be controlled.

Shri R. K. Sidhva: My question was whether all the exchanges are hermetically sealed and whether the fire took place simultaneously; if so, what is the reason.

Shri Khurshed Lal: I never said it took place simultaneously at all places.

Mr. Speaker: He denies that.

Shri R. K. Sidhva: May I know whether the Resident Inspector who is supposed to be on the spot informed this matter to the senior Engineer at the time when the fire took place?

Shri Khurshed Lal: Enquiries are still going on as to whether proper steps were taken to inform all the authorities. My information is that information was immediately sent to the fire brigade and also to all other officials concerned.

Shri R. K. Sidhva: My question was not about the fire brigade.....

Mr. Speaker: I may say that if an enquiry is going on there is no use prejudicing it one way or the other. Let the enquiry proceed and then the honourable member may put any number of questions.

Shri R. K. Sidhva: It is now six months. I want to know whether a departmental enquiry, apart from the police enquiry, was made.

Shri Khurshed Lal: I would not like to anticipate the police in any way. The matter is in their hands and I expect a report from them very shortly.

Shri R. K. Sidhva: I would like to know if the Ministry made any enquiry.

Shri Khurshed Lal: We did set up a Departmental Committee and they have submitted a report to us, and we are awaiting the report of the police.

Shri R. K. Sidhva: May I know how many switch-boards were burnt down?

Shri Khurshed Lal: I would not be able to give the exact number, but if I remember correctly it is about sixty.

Shri R. K. Sidhva: Are they manufactured in our own factory in Jubbulpore?

Shri Khurshed Lal: They are manufactured mostly in Bombay and we have already supplied enough switch-boards to them. As and when they have been utilised more will be supplied.

Shri L. Krishnaswami Bharathi: Without prejudice to the enquiry going on, may I ask whether sabotage is suspected?

Shri Khurshed Lal: We cannot exclude the possibility of sabotage, but we cannot say definitely.

Shri H. V. Kamath: Since the incident took place has the place been declared a protected or prohibited area?

Shri Khurshed Lal: Yes.

Shri R. K. Sidhva: May I ask at what time was water available for the fire brigade?

Shri Khurshed Lal: There was slight difficulty there. The position is this. The practice in Calcutta is that as soon as they get information about a fire, the fire brigade telephone to the pumping station asking them to increase the pressure. But in this case the telephone itself having gone out of order, there was some difficulty in it.

Shri R. K. Sidhva: Was the fire caused intentionally?

Mr. Speaker: Order, order. He is asking for inferences.

Shri Mahavir Tyagi: Is it a fact that fire extinguishers were available but none in the office knew the use of them?

Shri Khurshed Lal: I must admit that our arrangements for extinguishing the fire did not work properly. We have already taken steps to strengthen this.

Shri Arun Chandra Guha: May I ask how many fire extinguishers were there in the office and how many were used?

Shri Khurshed Lal: I would not be able to give the exact number.

Shri Arun Chandra Guha: Was there any overhead reservoir or water tank so that the water could have been used from that tank for extinguishing the fire?

Shri Khurshed Lal: No such arrangement was there.

INSTALLATION OF NEW TELEPHONES

*40. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Communications be pleased to refer to the statement made by the Honourable Minister during the last budget session that a plan for installing nearly 5,000 new telephones would be completed by the end of October, 1948 and state whether the scheme has been completed?

(b) If so, how many new telephones have been installed since the new machinery was put in?

(c) Have all the applicants in the waiting lists been provided and if not, how many still require to be provided and when are they likely to get connections?

Shri Khurshed Lal (Deputy Minister for Communications): (a) No. All that the Honourable Minister said in reply to a question asked by Shri Deshbandbu Gupta on March 12, 1948, was that so far as the information went he hoped that by September, 1948, 1,000 new connections could be given to New Delhi and by early 1949 another 1,500 new connections will be available.

(b) and (c). The scheme has been partly completed and equipment for 2,000 additional lines has been installed on 30th January, 1949. Out of these 1,100 have been utilised for giving connections to the subscribers of the old Secretariat Exchange which has since been closed and 600 connections will be given in the course of next three months to new subscribers, both Government and public. By June, another 2,000 lines will be installed at the Connaught Place Exchange. This extension will be utilized for abolition of some of the manual exchanges such as Shahjahan Road, Raisina, etc. 500 lines out of this extension will be available for giving new connections. After these have been given it is hoped that all the existing demands in New Delhi will be met. A 500 lines Auto Exchange will also be installed in the Cantonment Area by the end of March, 1950. A site is available for the construction of the building, which is likely to commence within a month's time. As regards Old Delhi it is proposed to instal a 4,000 line Auto Exchange there and orders for the equipment have been placed and it is expected to arrive by the end of this year. The work is expected to be completed by the end of 1950. In the meanwhile some telephones will be made available to new subscribers in Old Delhi by the end of April, by re-arrangement of existing equipment. The Old Secretariat Exchange had to be closed down as the equipment had served its useful life but the question of overhauling and bringing into use some part of the equipment is under technical examination and if found feasible it is proposed to make some lines available from this equipment for giving new connections in Old Delhi in order to relieve the situation till the new equipment is installed there.

Shri R. K. Sidhva: I have not been able to follow. May I know how many new connections will be available in New Delhi from this additional scheme?

Shri Khurshed Lal: As I said, 600 new connections will be available from the equipment which has already been installed and 500 more will be available from the equipment which will be installed by the end of June.

Shri R .K. Sidhva: Are these 3,000 absolutely new connections or they will be supplemented by the old exchanges which are deteriorating?

Shri Khurshed Lal: 1,100 new connections will be given. 1,100 old connections which were in the Old Secretariat Exchange will be replaced. That is the position.

Shri R. K. Sidhva: Am I correct that only 1,100 will be new connections available from this additional scheme?

Shri Khurshed Lal: That is right.

Shri R. K. Sidhva: While giving these new connections, may I know whether there is any classification for giving priority?

Shri Khurshed Lal: The telephonic connections are given on the advice of the Telephone Advisory Committee and rules have been framed under which they are being given priority.

Shri R. K. Sidhva: Is it a fact that a certain percentage has been fixed for waiting list, certain for banks and businessmen and certain for refugees?

Shri Khurshed Lal: Yes.

Shri H. V. Kamath: Do Government have any plan in view for the manufacture of telephone instruments and equipment on a large scale?

Shri Khurshed Lal: We have set up a factory at Bangalore for the purpose.

Shri H. V. Kamath: Is it the only factory or are there going to be a large number of factories all over India?

Shri Khurshed Lal: For the time being, it is only proposed to set up the one factory at Bangalore.

Mr. Frank Anthony: Since these new telephones have been installed it has not been possible to get any conneotions. Is it likely that these new lines will make the present confusion even worse confounded?

Stock of Cloth in Mills on 1st December, 1948

*41. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Industry and Supply be pleased to state what was the total stock of cloth lying in the Mills at Ahmedabad, Bombay and other places on 1st December, 1948?

(b) Is it a fact that a large number of bales was held up in Ahmedabad before 1st December, 1948 and no orders for their movement were issued by the Textile Commissioner?

(c) What was the stock with all dealers on 1st December, 1948?

(d) Is it a fact that in some provinces due to the small number of permits issued to dealers, the stock could not be released?

The Honourable Dr. Syama Prasad Mookerjee: (a) The total stocks of cloth lying with composite Mills in the Indian Union on the 30th November, 1948, were 4,36,616 bales. In addition, 1,45,687 bales were lying with the mills on merchants' account, *i.e.*, they had been sold but not lifted.

(b) 86,640 bales of unsold stocks were held by the Ahmedabad Mills on the 27th Novemoer, 1948, of which only 30,615 bales consisted of cloth Tex-marked October and earlier months and the rest pertained to stocks Tex-marked November, 1948. Pre-November stocks comprised mostly of un-attractive varieties. An Officer of Textile Commissioner's Organisation was deputed to Ahmedabad at the end of November, and he was able to clear off by 4th December, 1948 all the stocks except 4,000 bales, consisting mostly of *Kachi Malmal*, Seconds and Fents.

(c) Information is being collected and will be laid on the table of the House at a later date.

(d) The Government of India have not received any serious complaint to this effect.

Shri R. K. Sidhva: May I know whether it is a fact that the President of the Millowners' Association at Ahmedabad made a public statement that in Ahmedabad there was a stock of 88,000 bales packed from the month of October not released up to the end of December?

The Honourable Dr. Syama Prasad Mookerjee: So far as Ahmedabad is concerned, the total stocks will be about five weeks' stocks and that has been the previous position also. The mills have usually about five weeks to six weeks' stock. I do not think the position there was abnormal except for a short period to which I have already referred in my answer.

Shri R. K. Sidhva: But is it not a fact that a complaint was made in a public statement by the President that there were these 88,000 bales lying since October and were not allowed to be distributed?

The Honourable Dr. Syama Prasad Mookerjee: In fact, even now there are 120,000 bales of cloth lying there, which represent about five weeks' stocks, which is perfectly normal.

Prof. N. G. Ranga: To what is this due that in various places in the country there are lying huge stocks of cloth not yet sold and the local people not being willing to take delivery of these?

The Honourable Dr. Syama Prasad Mookerjee: There had been some difficulty in view of the inability of some of the Provincial Governments' agents to purchase and lift the cloth allotted to them within due time, and that matter is now being looked into. I can give the House a rough idea of the present position. I have got the figures up to 1st January, 1949 and it appears that so far as Bombay City and Ahmedabad are concerned, the stocks lying there with the mills will be about six weeks' stocks, which as I said is perfectly normal. This represents nearly 60 per cent of the total mill-made cloth produced in India. The accumulations are pretty high in the mofusil mills of Bombay and in the other surplus areas in India like Rajputana, Madhya Bharat, etc., where the accumulations vary from ten to twelve weeks' stocks, and arrangements are now being made, so that the Provincial agents may purchase the quotas allotted to them within due time and take them away to their own areas.

Shri R. K. Sidhva: Arising out of answer to part (b) that there was no complaint, may I know whether any province has made a reference to the Central Government that the stocks which they were entitled to receive were not received, although the goods were available at the mills. What is this due to?

The Honourable Dr. Syama Prasad Mookerjee: No provincial government has ever complained that it is not getting the quotas allotted to it.

Shri R. K. Sidhva: Did they get the full quota that they were entitled to?

The Honourable Dr. Syama Prasad Mookerjee: Every province has been allotted the full quota, but as I said some provinces are finding difficulty in lifting the quota allotted to them.

Srijut Rohini Kumar Chaudhuri: Is it a fact that in the province of Assam where co-operative societies have been newly set up for the purpose of indenting this cloth, these societies have not been able to release their stock for the last two or three months?

The Honourable Dr. Syama Prasad Mookerjee: If the honourable member refers to the inability of the provincial co-operative organisation to release the stocks for use within the province of Assam, I am afraid I cannot answer that question.

Srijut Rohini Kumar Chaudhuri: They have not been able to book it from Bombay and Ahmedabad to Assam.

The Honourable Dr. Syama Prasad Mookerjee: There has been no complaint from the province of Assam that it has not been able to purchase the quota allotted to it. No province has complained of inability on the part of any mill to supply cloth to any province.

Shri B. P. Jhunjhunwala: What are the reasons for provincial dealers not being able to lift the cloth? Have Government enquired into the matter?

The Honourable Dr. Syama Prasad Mookerjee: That matter has been discussed at a Conference which I called some months ago. One of the difficulties has been that in some places the provincial agents who have been nominated are new-comers. That has created some complication. Another difficulty has

been that some provincial agents have not been able to command sufficient finance to purchase the total quotas allotted to them. The third difficulty has been that the quotas taken to the provinces by the provincial agents have not moved out to different parts within the province for distribution among the consumers.

Mr. Homi Mody: Are Government satisfied that the allocation of cloth made to the various provinces is based on the actual requirements of those provinces?

The Honourable Dr. Syama Prasad Mookerjee: These are really two questions. The first is with regard to the total allotment made to each province.....

Mr. Homi Mody: I am talking of the quotas which are being put on to the various markets. Is it not a fact that in some markets cloth has been dumped for which the people have no use at all?

The Honourable Dr. Syama Prasad Mookerjee: I believe the honourable member knowing every minute detail of the intricacies of the working of mills knows how unreliable cloth can be produced in some mills. There has been some complaint that in some mills cloths have been produced which are not of quite the desirable type and that matter is being looked into.

Mr. Homi Mody: I am afraid the Honourable Minister has turned the tables on me. I am not accusing the millowners; I was accusing the Government—if I was accusing anybody at all.

Mr. Speaker: The honourable member may put his question.

Mr. Homi Mody: Is the allocation based on the actual requirements of the various centres so that Government ensure that cloth is not being sent to areas where it cannot be consumed.

Shri B. L. Sondhi: Not unreliable, but unsuitable!

The Honourable Dr. Syama Prasad Mookerjee: It is open to the provincial agents to purchase the cloth according to the requirements of the provinces concerned, and every help is given by the Textile Commissioner's office to see that the kind of cloth that is required by the province is really supplied to them, but of course if every province wants the best type of cloth out of the total quota allotted to them; obviously it is difficult to satisfy such a demand.

Shri Deshbandhu Gupta: Is the Honourable Minister satisfied with the working of cloth control ever since it was re-introduced and whether complaints have reached him from Delhi that cloth is being sold at much cheaper rates in unlicensed shops?

The Honourable Dr. Syama Prasad Mookerjee: The very fact that cloth is available at prices lower than the control prices shows that the control has worked successfully.

Shri M. Ananthasayanam Ayyangar: Has it come to the notice of the Government that whereas the demand in Madras is for 8 cubit pieces, 10 cubit pieces are received there and that whereas in Bengal the demand is for 10 cubit pieces, they get 8 cubit pieces there?

The Honourable Dr. Syama Prasad Mookerjee: If such defects are pointed out to us, we will rectify them.

Shri M. Ananthasayanam Ayyangar: Is there any agency appointed by the Government at the mills to see that the kind and variety of cloth of the desired length is alone sent to areas where they are in need and that *voils* are not sent to villages and coarse cloth to cities?

The Honourable Dr. Syama Prasad Mookerjee: I do not think the situation is as bad as that described by the honourable member, although there are some complaints. What we have now done is this: We are allottiug particular mills to particular provinces, so that the bulk of the production from those mills may

satisfy the requirements of those provinces. If this system works well, I believe such complaints will disappear completely.

Pandit Hirday Nath Kunzru: May I know why there is a difference between the prices charged by licensed dealers and by unlicensed shops?

The Honourable Dr. Syama Prasad Mookerjee: A large quantity of cloth which was produced up to 30th July, 1948 was released to the market. They bore no stamp of prices on them. These were purchased by the dealers at much higher prices. Now that the stamped cloth has come to the market, those dealers are anxious to sell their stocks at lower prices. That is the reason why at some places cloth is available at prices lower than the stamped prices.

Pandit Hirday Nath Kunzru: Is the Honourable Minister aware that people selling cloth in the streets of Delhi are selling practically every kind of cloth at prices cheaper than those obtaining in shops licensed by Government?

The Honourable Dr. Syama Prasad Mookerjee: I have just explained the reason why that is so. Those dealers gained enormous profits previously. They can now bear some loss.

Pandit Hirday Nath Kunzru: Have the Government taken steps to assure themselves that none of the licensed dealers was selling cloth before?

The Honourable Dr. Syama Prasad Mookerjee: I believe the licensed dealers did sell cloth before.

Pandit Hirday Nath Kunzru: Then they too must have made profits?

Mr. Speaker: We are now entering into arguments.

Srijut Rohini Kumar Chaudhuri: Have the Government of India laid down a condition that the provincial agents should in all cases be co-operative societies and that, as far as possible, the usual traders should not be selected for the purpose?

The Honourable Dr. Syama Prasad Mookerjee: I have issued a circular that provincial Governments should, as far possible, try to distribute cloth through co-operative organisations; but obviously, it is not possible to eliminate the normal trade channels altogether. Assam has 100 per cent. relied on co-operative organisations. But in other provinces a smaller number of co-operative organisations have come into existence. It is not possible to eliminate the trade channels completely.

Shri L. Krishnaswami Bharathi: In the province of Madras there is an abundance of mill cloth. That is one of the reasons why the agents are not getting stocks from the mills.

The Honourable Dr. Syama Prasad Mookerjee: One of the Ministers who was here told me that there was Ram Rajya in Madras so far as distribution of cloth is concerned.

Shri R. K. Sidhva: Arising from the answer of the Honourable Minister that stocks were lying idle because permits were in the hands of persons whose financial position was not good, may I know if he will hereafter give permits to persons whose financial position is good?

The Honourable Dr. Syama Prasad Mookerjee: I did not say that all the provincial agents had no financial backing. In several cases there were financial difficulties standing in the way. I can now tell the House that it has been decided that every province must purchase by the end of the month following, whatever cloth was allotted to it in the preceding month and that if a province fails to do so, the extra cloth available will be distributed through other systems of distribution.

ADMINISTRATION OF KATHIAWAR PORTS

***42. Shri R. K. Sidhva:** (a) Will the Honourable Minister of Transport be pleased to state whether Government Resolution No. 19-P (118)/48 dated 7th

September, 1948 to the effect that the existing ports of Kathiawar should be placed under one Port Commission which should also include Okha and Verawal and that an extra berth be provided at Bhavnagar Port has been communicated to Saurashtra Government, and if so, with what result?

(b) Do Government intend to take under their control all Kathiawar ports so as to relieve congestion at the Bombay Port?

(c) Until Kandla port is fully constructed and developed what are the plans of Government as far as the existing Kathiawar ports are concerned?

The Honourable Shri N. Gopalaswami Ayyangar: (a) Yes; The Saurashtra Government have reported that all the ports have been placed under the executive and administrative control of one senior officer designated Deputy General Manager, Ports. Verawal will be brought under his control as a result of Junagadh merger. For the inclusion of Okha, negotiations are proceeding with the Baroda Government. The Saurashtra Government are considering the question of appointing a Port Commissioner for Saurashtra. They have also under active consideration the question of the unification of charges, practice and procedure at all Saurashtra Ports. The question of the construction of an extra berth at Bhavnagar Port will be considered by that Government, when satisfactory results are obtained in respect of the dredging for which arrangements are under way. Some improvement in depths has already been achieved.

(b) No.

(c) The question whether the other Kathiawar Ports can be utilised to a greater extent than heretofore is now under examination.

Government are also examining plans for connecting Kandla by road to some Railway Stations in Kathiawar in order to provide increased scope for trade through Kandla even before that Port has been fully developed.

Shri R. K. Sidhva: May I know whether the Government are contemplating to take charge of and control the Kathiawar ports and consider them as major ports?

The Honourable Shri N. Gopalaswami Ayyangar: They are all minor ports. The Government do not intend to declare them as major ports.

Shri R. K. Sidhva: As Baroda has merged into the Bombay province, may I know whether the Government will take Okha port under their control?

The Honourable Shri N. Gopalaswami Ayyangar: The merger creates a new set of conditions. But I do not think that at the present moment any of these ports will be taken over as major ports by the Central Government.

Shri R. K. Sidhva: Is it a fact that a number of cargo steamers can unload simultaneously at Okha and be conveniently berthed there?

The Honourable Shri N. Gopalaswami Ayyangar: That is so. Even today a number of steamers are berthed there.

Prof. K. T. Shah: May I know whether the Saurashtra Government themselves are anxious to develop Sikka port, and, if so, what steps they are going to take for the purpose?

The Honourable Shri N. Gopalaswami Ayyangar: They are free to develop that port. So far as we are concerned, we do not go into the details of that question.

Prof K. T. Shah: Has the fact been brought to the notice of Government that the Saurashtra Government desire to improve that port?

The Honourable Shri N. Gopalaswami Ayyangar: The Government of India have nothing to do with that matter.

Shri R. K. Sidhva: May I know whether the Government contemplates to expand the Nowlaki port?

The Honourable Shri N. Gopalaswami Ayyangar: I am afraid I am ignorant about the Nowlaki Port.

DEVELOPMENT OF A DEEP SEA PORT BETWEEN MORMUGAO AND COCHIN AND A HARBOUR AT COCOANADA

*43. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Transport be pleased to state whether the West Coast Major Port Development Committee has submitted its report on the possibility of a deep sea port between Mormugao and Cochin?

(b) Do Government intend to build a harbour at Cocoanada where cargo steamers at present anchor in stream for loading and unloading cargoes which involves great difficulties?

The Honourable Shri N. Gopalaswami Ayyangar: (a) No.

(b) The question of developing Cocanada as a minor port is primarily for the Madras Government to decide. So far as its development by the Government of India as a major port is concerned, Government have agreed with the finding of the Ports (Technical) Committee that it is not essential in the interests of future trade or necessary for the purpose of defence and strategy particularly in view of the other developments recommended by that Committee.

FREE SERVICE OF WHISKY AND SODA TO PASSENGERS OF AIR INDIA INTERNATIONAL

*44. **Shri Mahavir Tyagi:** (a) Will the Honourable Minister of Communications be pleased to state if it is a fact, as published in the *Gram Udyog Patrika* of September 1948, that whisky and soda are distributed free of charge to the passengers of the Air India International?

(b) Is the Air India International financed up to 51 per cent of its capital by the Government of India?

Shri Khurshed Lal (Deputy Minister for Communications): (a) A rationed quantity of whisky and soda is supplied free of charge to those passengers of Air India International who ask for it outside a three mile limit from India. The total cost incurred on each journey is only about ten rupees but Government are taking up with the Company, the question of making the supplies on payment only.

(b) The Government of India hold 49 per cent. of the share capital of Air India International and have the option to acquire a further 2 per cent. at any time.

Shri Mahavir Tyagi: Has the Government of India permitted drinking three miles away from India?

Shri Khurshed Lal: Government of India's jurisdiction ends after three miles away from India.

Shri Mahavir Tyagi: Were these drinks offered with the consent of the Government of India?

Shri Khurshed Lal: Government of India's consent was not obtained by the Company.

Mr. Frank Anthony: In view of the fact that whisky and soda are an effective antidote to air sickness will Government consider the advisability of advising other air-lines also to serve whisky and soda free?

Shri Mahavir Tyagi: Are Government aware of the notification recently issued to the effect that Government expect that even in public dinners soda and whisky will not be offered?

Mr. Speaker: I am afraid this will lead to arguments.

Shri H. V. Kamath: May I know whether whisky and soda are supplied free of charge or does it merely get preference over others?

Shri Mahavir Tyagi: Are pilots also allowed to drink?

RAILWAY ACCIDENTS

*45. **Shri Biswanath Das:** Will the Honourable Minister of Railways be pleased to state:

(a) the number of serious railway accidents separately for passenger and goods trains in the different railways in India for the period from 1st June to 31st December, 1948;

(b) the number of persons (including children) who died or were injured and the amount of property damaged;

(c) the causes of such accidents;

(d) the action taken to avoid recurrence of such accidents; and

(e) the number of cases in which connected Railwaymen or Officers were punished?

The Honourable Shri N. Gopalaswami Ayyangar: (a) Twenty-one serious accidents in which trains carrying passengers were involved and ten in which goods trains were involved occurred on Indian Government Railways during the period 1st June, 1948 to 31st December, 1948.

(b) Sixty-seven persons were killed and 254 received injuries of varying degrees, as a result of these accidents. These figures include 10 persons killed and 16 injured who were occupants of road vehicles involved in accidents at level crossings.

The approximate cost of damage to engines, rolling stock, permanent way and other railway properties, etc., amounted to Rs. 6,68,000.

(c) Of the 31 accidents, referred to in reply to part (a) above, seven were due to failure on the part of the train crew and/or station staff, four due to failure of parts of rolling stock, one due to buckling of permanent way, one due to uneven loading of a wagon, four due to fires in trains, and six due to trains running into road traffic at level crossings. The causes of the remaining eight cases, which include two cases of fires and two of accidents at level crossings, are under investigation.

(d) Enquiries are instituted into every case of accident and suitable preventive action taken where necessary. Action taken in the cases referred to above included modification of signalling arrangements at stations, modifications to or provision of level crossings as necessary, fitting of spark arrestors on engines, repetition of instructions for loading combustible goods in covered wagons tightening up of supervision and control of subordinate staff, and warnings and instructions to them to observe safety rules strictly.

(e) Staff held responsible for accidents have been punished in four cases and in four other cases the question of punishment is under consideration; in six cases the result of prosecutions by the Police is awaited. In nine cases no punishments have been imposed as no railway servant was held responsible. In the case of the remaining eight accidents, investigations have not yet been completed.

Shri R. K. Sidhva: May I know whether there is a rule or order in the Railway that one of the crew in the engine, either a foreman or a driver, is supposed to observe when the trains are in motion that the line is very clear?

The Honourable Shri N. Gopalaswami Ayyangar: I am not aware of having seen any specific rule to that effect but I take it that such a rule does exits in the railways.

Shri Biswanath Das: May I know whether, in the case of enquiries, it is only the connected officials who enquire it or it is done by judicial enquiry or by some officials having nothing to do with railway administration?

The Honourable Shri N. Gopalaswami Ayyangar: Magistrates are associated with most of these enquiries.

Shri Biswanath Das: In view of the frequency of these occurrences, have Government considered the need of appointing a Committee of this House to enquire and place before Government the causes of such recurrences of these serious accidents?

The Honourable Shri N. Gopalaswami Ayyangar: I do not think that the facts regarding these accidents warrant the setting up of a Committee of Enquiry into the occurrence of these accidents. If any particular causes recur and accidents owing to such causes happen frequently, then it will be time for us to consider the setting up of an Enquiry Committee of that sort.

Shrimati Dakshayani Velayudhan: May I know on which lines was the maximum number of accidents reported?

The Honourable Shri N. Gopalaswami Ayyangar: The East Indian Railway reports the largest number.

Shrimati Dakshayani Velayudhan: What may be the reason for that?

The Honourable Shri N. Gopalaswami Ayyangar: It is about the longest line.

Shri Biswanath Das: In view of the long list of deaths and also injured persons, may I know what compensation Government have been giving in each of these cases?

The Honourable Shri N. Gopalaswami Ayyangar: I would like that notice is given for that question. I have not the information readily available here.

Shrimati G. Durgabai: May I know whether the number of acoidents occurring during the period 1st June to 31st December, 1948 is on the increase or decrease compared to the previous figure presented to this House?

The Honourable Shri N. Gopalaswami Ayyangar: I am afraid I must ask for notice of that question also.

Dr. V. Subramaniam: In order to minimise the accidents to passengers, is there a system of appointing Conductor Guards so that they may help the passengers to get down?

The Honourable Shri N. Gopalaswami Ayyangar: I do not know what my honourable friend intends the Conductors Guard can do in the way of prevention of these accidents. They certainly can prevent accidents perhaps by helping certain old decrepit people getting into and out of compartments but hardly any of these accidents are attributable to that cause.

Shri Biswanath Das: May I know in which of these railway lines these accidents are common? May I know what action Government propose to take or have already taken both to prevent such accidents in future or at least to minimise them?

The Honourable Shri N. Gopalaswami Ayyangar: That is given in a general way in the answer. I have got a whole statement giving the particular action taken in respect of each accident after it had been investigated and the causes of the accident had been found. If the honourable member is interested in that, I can hand him over that statement.

Srijut Rohini Kumar Chaudhuri: Is there any truth in the report that due to the fact that there is no fencing for the railway line between Tejpur and Balipara, accidents often happen there owing to the collision of the railway engine and the train kettle? This line is a narrow gauge line.

The Honourable Shri N. Gopalaswami Ayyangar: So far as I am able to see from the information at my disposal, on the Assam Railways there was only

one accident during the period for which I gave figures. So far as the particular small line to which the honourable member refers is concerned, I must ask for notice of the question, and I will investigate whether accidents have been frequent there.

Shri M. Tirumala Rao: Have Government analysed the conditions that bring about these accidents and found any common conditions that have brought about the majority of these accidents?

The Honourable Shri N. Gopalaswami Ayyangar: The causes have been analysed completely in regard to all the cases that have occurred, but I cannot say that any one cause has been found as a common one, except perhaps the human element—the failure of particular persons employed on the railway to attend to their duties in the proper way. If you can call that a common cause it has occurred in a number of cases and action has been taken against them.

New Railway Lines for Orissa Province and States

*46. **Shri Biswanath Das:** Will the Honourable Minister of Railways be pleased to state:

(a) the action taken during the year 1948-49 on each of the projected Railway lines within the Province of Orissa or the States that have merged with Orissa; and

(b) the order in which the construction work of each of these projected or investigated Railway lines is proposed to be taken up?

The Honourable Shri N. Gopalaswami Ayyangar: (a) I would invite the honourable member's attention to the information laid on the table of the House, on 16th August, 1948, in reply to his starred question No. 255. The surveys which were in hand at that time have since been completed. No construction has yet been commenced on any of the projects, except for the Combined Rail-Road Bridge over the River Mahanadi and the rail approach to it from Sambalpur, which forms part of the Sambalpur-Kantabanji Project.

(b) The Projects in Orissa will be considered by the Central Board of Transport on the 5th February, 1949. It is, therefore, not possible at this stage to give the programme of construction.

Shri B. Das: In view of the expansion of the province of Orissa by the merging of the various States, and in view of the high priority that is given to the Hirakud Project in Orissa, has the Honourable Minister for Transport in his Ministry considered that some of the railway projects there require first priority and have they stated so in their recommendations to the Advisory Committee?

The Honourable Shri N. Gopalaswami Ayyangar: As a matter of fact, we give all these factors full importance and the Central Board of Transport on which the Local Government's representatives are present when the particular projects are taken up, will fully keep in view all the factors to which my honourable friend has referred.

Shri Biswanath Das: May I know whether the Government have considered the want of transport facilities in the States which have now merged in Orissa, and also whether they have considered that the proposed railway line connecting different parts and passing through the Koraput District has been hanging for the last fifteen or twenty years?

The Honourable Shri N. Gopalaswami Ayyangar: I have no doubt, and I am personally aware, that all these things have been pending for a number of years. So have many other projects in the country. We certainly take

account of the fact that that particular area in the province of Orissa does require opening up.

REORGANISATION OF BENGAL NAGPUR RAILWAY

*47. **Shri Biswanath Das:** Will the Honourable Minister of Railways be pleased to state:

(a) whether Government propose to re-organise railways and especially the Bengal Nagpur Railway; and

(b) if so, the details of the proposed re-organisation of the Bengal Nagpur Railway?

The Honourable Shri N. Gopalaswami Ayyangar: (a) The question of some reorganisation of Indian Government Railways, with a view to increasing their efficiency and rendering better service to public, is under consideration but definite conclusions have not yet been reached. The Bengal Nagpur Railway has not been selected for any special reorganisation but is included in the general scheme.

(b) Does not arise.

Shri Biswanath Das: Sir, may I know why the railway line is called Bengal Nagpur Railway line, though there is no province of Bengal at present?

Mr. Speaker: I do not think this question need be answered.

Shri Gopikrishna Vijayavargiya: Is the Government considering the question of the extension of the railway lines system in the Madhya Bharat Union which is so much lacking in communications?

The Honourable Shri N. Gopalaswami Ayyangar: That question does not probably arise.

Mr. Speaker: There is the "general reorganization" of the railway lines, and probably it arises out of that.

The Honourable Shri N. Gopalaswami Ayyangar: In the general reorganisation under consideration, Madhya Bharat will not be lost sight of.

Shrimati G. Durgabai: May I know from the Honourable Minister for Transport whether the reorganisation scheme includes also the reconsideration of the reservation and classification of the Second and First Classes which were recently introduced and which are reported to be causing much annoyance to the travelling public?

Mr. Speaker: It need not be answered.

Shri H. V. Kamath: Sir, is the question of reorganisation of the railway systems under active consideration or is just under consideration?

The Honourable Shri N. Gopalaswami Ayyangar: Very active consideration.

MANUFACTURE OF SALT IN ORISSA ON CO-OPERATIVE BASIS

*48. **Shri Biswanath Das:** Will the Honourable Minister of Industry and Supply be pleased to state:

(a) the quantity of salt manufactured in the factories of Humma and Surla Sumandi in Ganjam District, Orissa, during the current year as also the quantity manufactured last year;

(b) the extent of land, fit for salt manufacture in each of these areas, lying unused for the last so many years;

(c) the reason why monopolists are encouraged in these areas despite representation from the people to organise manufacture of salt on co-operative lines; and

(d) whether Government have considered the question of themselves starting such co-operative salt manufacturing activities with initial State aid and subsequently leaving them to the Provincial Governments concerned?

The Honourable Dr. Syama Prasad Mookerjee: (a)

Factories	*Quantity of Salt manufactured.*	
	1947	1948
Humma	5,84,000 mds.	3,63,540 mds.
Surla	Nil	Nil
Sumandi	4,48,960 mds.	1,32,256 mds.

(b) Land lying unused at present in these areas:

Humma (including Gokurkadda)	About	900 acres
Surla	About	1,600 acres
Sumandi	About	1,000 acres

(c) No encouragement has been given by the Government to monopolists in these areas in the matter of salt manufacture. The general policy is to encourage Co-operative Societies, wherever possible, for setting up new factories. However, at the express request of the Orissa Government, it was decided to assign the site of the abandoned factory at Surla, temporarily, to their nominee for setting up a heavy chemical industry, on condition that a public limited company will be floated for this purpose. Hence an application received in May, 1948 from the Pathibhapavana Mission for allotment of 1,200 acres of land at Surla to a Co-operative Society of Labourers had to be rejected. Another representation dated 19th November, 1946 for assignment of the land at Sumandi to local labourers was received too late to be considered.

(d) Government of India will give all possible help to co-operative salt manufacturing activities; but Co-operative Societies have to be formed under Provincial Government rules.

Shri Biswanath Das *rose*—

Mr. Speaker: I am afraid the question hour is over.

Maulana Hasrat Mohani: What about the rest of the questions here? We have only disposed of a very few of the questions. I suggest that the replies to all the other questions may be printed and supplied to all the members so that we may know what are the answers to them.

Mr. Speaker: They are printed in the report.

Maulana Hasrat Mohani: The reports are printed after six months.

Mr. Speaker: There is no help.

(*b*) WRITTEN ANSWERS

MAINTENANCE OF PIPE BAND BY B.N. RAILWAY

*49. **Shri Lakshminarayan Sahu:** Will the Honourable Minister of Railways be pleased to refer to the reply to part (b) of my starred question No. 1180 asked on the 1st April, 1948 and state whether the details of cost of the maintenance of the pipe band attached to the Watch and Ward Department of the Bengal Nagpur Railway have now been obtained?

The Honourable Shri K. Santhanam: A grant of Rs. 1,800 for maintenance of the Pipe Band was sanctioned from the Bengal Nagpur Railway Staff Benefit Fund in January, 1946. No grants for the maintenance of this Band have been made since, except a grant of Rs. 820 for purchase of certain Band equipment sanctioned from the Staff Benefit Fund in October, 1947.

AMALGAMATION OF EUROPEAN AND INDIAN INSTITUTES ON B. N. RAILWAY

*59. **Shri Lakshminarayan Sahu:** (a) Will the Honourable Minister of Railways be pleased to state how many European and how many Indian Institutes are in existence on the Bengal Nagpur Railway today?

(b) How many of them have been amalgamated since 1st April, 1947?

(c) What decision has been arrived at on the question of eliminating communal or racial distinctions in these institutes?

(d) What is the time by which all distinctions such as "European" and "Indian" Institutes will be removed, if they still remain?

(e) Have Government considered the question of having combined Institutes?

(f) How much money is being given to the Institutes as Staff Benefit Fund?

The Honourable Shri K. Santhanam: (a) There are at present 18 European and 24 Indian Institutes on the Bengal-Nagpur Railway.

(b) None. The question of amalgamation of the European and Indian Institutes on this Railway at stations at which both exist, is under examination by a Sub-Committee specially appointed for the purpose.

(c) and (e). Instructions were issued to Railway Administrations in June, 1948, directing them to take early and appropriate measures in accordance with local conditions to secure the amalgamation of existing European and Indian Institutes into organizations where membership was not based on racial or religious considerations.

On the Bengal-Nagpur Railway, the question of such amalgamation or conversion is now under investigation by a Sub-Committee. Membership to the European Institutes has, in the meantime, been thrown open to all employees irrespective of their community or status on the Railway.

(d) On practical considerations one 'set pace' for all Railways has not been prescribed. Each General Manager is using his discretion to remove objectionable distinctions as early as possible, having regard to the local conditions

(f) A grant of Rs. 93,890 has been given to the Institutes of the Bengal Nagpur Railway for the year 1947/48 from the Staff Benefit Fund.

SHORT TERM PLAN FOR INCREASED INDUSTRIAL PRODUCTION

*51. **Shri Lakshminarayan Sahu:** (a) Will the Honourable Minister of Industry and Supply be pleased to state the progress that has been made so far in regard to the short term plan of the Government of India for increased production in the 42 selected industries referred to in the answer to my Starred Question No. 1131 asked on the 1st April, 1948?

(b) Who are the private parties that have so far been encouraged by allowing them to raise necessary capital and import plants and machinery?

(c) What technical advice and assistance have so far been given in obtaining raw materials?

(d) Who have been appointed members of the Advisory Council?

The Honourable Dr. Syama Prasad Mookerjee: (a) Attention of the honourable member is drawn to our Quarterly Bulletins which review in detail progress made in various industries from time to time as also to the memorandum recently issued in connection with the Central Advisory Council of Industries which gives the latest position. Copies of these booklets are placed in the library of the House. Further details in any particular industry will be furnished on request.

(b) I place on the table of the House a statement of various private parties who have been encouraged to enable them to raise necessary capital to import plant and machinery.

(c) I place on the table of the House a list showing types of assistances rendered to industry in general.

(d) I place on the table of the House a copy each of Government's Notification No. I-4/1/(19)/48, dated the 6th December, 1948 and 8th January, 1949.

STATEMENT

Name of the Company	Object	Amount consented
(1)	(2)	(3)
		(Amount in Rs.)
	Engineering-General	
1. Liberty File and Tool Corp. Ltd. Cawnpore.	Manufacturers of and Dealers in tools of all kinds and in particularly files, ball bearings, racksaw, etc.	60,00,000
2. Kulko Engineering Works Ltd., Ichalkaranji State.	Manufacturers of machinery such as workshop machines tools, Diesel Engines.	25,00,000
3. Hind Machines Ltd., Salkia, Howrah (near Calcutta).	Manufacture of machine tools and other Engineering products.	10,00,000
4. Mahindra Engineering Co., Ltd., Bombay.	Manufacture of diesel engines, refrigeration machinery etc.	75,00,000
	Oil Mills	
1. Excel Products Ltd., Bombay	Manufacture of Oil and Oil Products.	20,00,000
2. Shree Kamakshi Oil Mills and Soap Industries Ltd., Tindivanam, S. A. District.	Preparing Oils, principally from groundnuts and refining such oils for edible purposes and produce Toilet and Washing Soaps from such and other Oils produce and by the Mills.	20,00,000
3. Swastik Oil Mills Ltd., Bombay	Manufacture and sale of Oils Vegetable products and Soap.	20,25,000
4. Oity Oil and Flour Mills Ltd., Calcutta.	Manufacture of pure mustard Oils for edible purposes and wholemeal wheat flour.	18,50,000
5. Kosi Oil and General Mills Ltd., Kosi (U. P.).	To Oil seeds and to manufacture Oil, Soap.	5,00,000
6. S. R. Cocoanut Oil and Allied Industries Ltd., Kumarnagalam.	Produce and refine Cocoanut Oil.	12,00,000
	Glass	
1. Ogale Glass Works Ltd., Ogaledadi (Dist. Satara, Aundh State).	Manufacture of glass and enamelware and hurricane Lanterns.	15,00,000
2. Ambica Glass Industries Ltd., Bombay.	Manufacture of Sheet Glass, Window Glass, Plate Glass, etc.	25,00,000
3. Mahalakshmi Glass Works Ltd., Bombay.	Manufacture of Sheet Glass and Automatic machine bottles.	23,00,000
4. Alembic Glass Industries, Ltd.	Manufacture of glass bottles and containers tin caps, tin contains plastics caps, etc.	13,00,000
	Cement	
1. Jhajha Cement and Industries Ltd., Jhajha.	Manufacture of Cement. . . .	50,00,000
2. Patiala Cement Co. Ltd., Sumjpur	Manufacture of Cement . . .	38,40,000

Name of the Company	Object	Amount consented
(1)	(2)	(3)
	Cement—contd.	(Amount in Rs.)
3. Andhra Cement Co. Ltd., Berwada	Manufacture of Portland Cement .	25,00,000
4. Arcot Cement Co., Mylam . .	Manufacture of Cement . . .	70,00,000
5. Travancore Cements Ltd., Kottayam.	Manufacture of Cement and allied products.	25,00,000
6. Rayalseema Cement Co. Ltd., Kurnool Distt.	Ditto . . .	2,00,00,000
7. Bagalkot Cement Co. Ltd., Bagalkot.	Ditto	1,00,00,000
	Electrical Industries	
Electrical Corporation of India Ltd., Bombay.	Manufacture of electric Power motors, electrical accessories, etc.	50,00,000
	Aircraft Manufacture	
Hindustan Aircraft Ltd., Bangalore .	Manufacture of Aircraft and Railway Coaches, Assembling, maintaining, repairing, concerting, overhauling and servicing of aeroplanes, etc.	99,99,900
	Shipbuilding and Repairs	
1. Cochin Industries and Transport Ltd., Cochin Harbour.	Boat building, Ship building and repair works.	
2. Alcock, Ashdown & Co. Ltd., Bombay and Karachi.	Mechanical Engineers, Ship-builders, Ship-repairers, and Iron founders.	16,71,100
3. Mazagon Dock Ltd., Mazagon, Bombay.	Ship-repairers and engineers . .	45,00,000
	Drugs and Medicines	
1. Mysore Industrial and Testing Laboratory, Ltd.	Manufacture Drugs, medicines, medicinal products, etc.	15,00,000
2. Vedic Chemicals, Ltd. . .	Manufacture of all kinds of Allopathic, Homeopathic, Biochemic, Ayurvedic, Unani Drugs, etc.	30,00,000
	Chemicals (Heavy)	
1. Modi Chemicals Ltd., . .	Manufacture of and deal in Caustic Soda and its bye-products.	50,00,000
2. Anikan Chemicals & Oils, Ltd. .	Manufacture of Heavy Chemicals and fine chemicals.	30,00,000
3. Albert David Chemical Corp., Ltd.	Manufacture of Carbolic Acid, Sodium Salicylate and other Acids.	20,43,000
4. Shri Rama Lithophone Co., Ltd. .	To manufacture Lithophone from Barium Sulphate.	10,00,000
5. Heavy Chemicals, Ltd. . .	Manufacture Electrolitic Caustic Soda and manufacture from the bye-products Liquid Chlorine, Bleaching Powder, Hydrodiboric, Acid Bromine, Potassium Bromide, etc.	1,00,00,000
6. The Fertilisers and Chemicals Travancore, Ltd.	Manufacture of Ammonium Sulphate and Sulphuric Acid.	2,00,00,000
7. Mettur Chemical and Industrial Corporation, Ltd.	Manufacture of Heavy Chemicals such as Caustic Soda, Liquid Chlorine, bleaching powder.	25,50,000
8. Pioneer Magnesia Works, Ltd. .	Manufacturing and selling magnesium Chloride, magnesium Carbonate, Potassium Chlorides.	8,00,000
9. Bombay Wood Distillation Co. Ltd., Londa (Belgaum Distt.).	Distillation of wood, and manufacture of Charcoal, Acetic acid, Methyl-alcohol and other products.	7,00,000

Name of the Company	Object	Amount consented
(1)	(2)	(3)
Chemicals (Heavy)—contd.		(Amount in Rs.)
10. Indian Chemicals Ltd., Visagapatam.	Manufacturing, Selling, and dealing in caustic Soda, Chlorine, bleaching Powder, Chlorinated Chemicals and allied materials, etc.	60,00,000
11. Kudwar Industries and Fertilisers Ltd., Dhanbad (Distt. Manbhum).	Manufacture of Sulphuric Acid (From Iron pyrites) for consumption in the production of superphosphates Fertilisers.	20,00,000
	Silk	
1. Jasmine Mills Ltd., Bombay .	Manufacture and sell artificial silk piece goods from artificial silk or rayon yarn.	6,00,000
2. Prabhat Silk and Cotton Mills Co. Ltd., Bombay.	(i) Artificial silk weaving. (ii) Manufacture of Art silk preparatory and other machineries.	7,00,000
3. Master Silk Mills Ltd., Bhavnagar	Spinning, weaving and manufacturing silk.	13,44,000
4. Kohinoor Mills Co. Ltd., Bombay	Cotton, Art silk and pure silk textile mills.	50,00,000
5. Shree Shakti Mills Ltd., Bombay	Silk and Art Silk Mills . . .	22,50,000
6. Saxoon and Alliance Silk Mills Co. Ltd., Bombay.	Manufacture of Silk cloth and partly cotton cloth.	3,00,000
7. Travancore Rayons, Ltd., Travancore State.	Manufacture of Artificial silk rayon, etc.	50,00,000
	Paper and Strawboard	
1. Star Paper Mills Ltd., Calcutta .	Manufacture of paper . . .	10,00,000
2. Papanasam Paper Mills Ltd., Madras.	Manufacture of paper . . .	1,00,00,000
3. Ballarpur Paper and Straw Board Mills, Ltd., Nagpur.	Manufacture of High grade paper and Pulp.	1,02,00,000
4. Rewa Pulp and Paper Mills Ltd., Rewa.	Ditto	1,02,00,000
5. Canvey Valley Paper Mills Ltd., Nanjangod.	Manufacture of Pulp, paper and Cardboard and other allied products.	20,00,000
6. Bengal Paper Mills Co. Ltd., Calcutta.	Manufacture of paper, pulp, card board paste board, etc.	58,00,000
7. Rajindra Paper Mills Ltd., Patna State.	Manufacture of paper, paste board, straw, board, card-board, Blotting paper, packing papers, etc., etc.	40,00,000
8. Jhargram Paper Mills Ltd., Calcutta.	Manufacture of paper of different grades.	44,75,000
	Rubber	
1. Swastik Rubber Products Ltd., Bombay.	Manufacture of Rubber goods . .	10,00,000
2. Travancore Tyres and Rubber Co. Ltd., Travancore.	Manufacture of Tyres and Tubes etc.	3,00,00,000
	Pottery and Porcelain	
Perfect Pottery Company Ltd., .	Manufacture of glazed sanitary ware crockery stone drainage pipes and fittings, firebricks.	5,62,250
	Plastics	
1. Plastics Industries Ltd. . .	Manufacture and distribution of plastic articles.	20,00,000

	Name of the Company	Object	Amount consented
	(1)	(2)	(3)
		Plastics—contd	(Amount in Rs.)
2.	Angelo Brothers Ltd., Cossipore	Dealers in and Manufacturers of lac.	10,00,000
3.	Travancore Plastic Industries Ltd., Quilon.	Manufacture of Plastics articles	20,00,000
4.	Patiala Plastics Ltd., Shambu	Manufacture of Plastics moulding powders and goods.	25,00,000
		Matches	
1.	Western India Match Co., Ltd., Ambernath, Calcutta, Bareilly, Madrasetc.	Manufacture of Matches etc.	66,00,000
2.	Assam Match Company Ltd., Dhubri.	Ditto.	6,00,000
		Cycles	
1.	Popular Cycle Manufacturing Co., Ltd.	Manufacturing of Cycles, Cycle parts, tricycles, Perambulators etc.	20,00,000
2.	Hind Cycles Ltd., Bombay.	Manufacture of complete bicycles and cycle parts.	25,00,000
		Automobile	
1.	Motors House (Gujrat) Ltd., Bhandup	Assembling and Manufacturing Motor Vehicles.	26,00,000
2.	Motors House (Gujrat) Ltd., Bhandup.	Ditto.	76,00,000
		Non-Ferrous Metals	
1.	Aluminium Corporation of India Ltd., Burdwan.	Extract Alumina and deal in Aluminium in general	35,00,000
2.	Indian Standard Metal Co., Ltd., Bombay.	Making castings of nonferrous metals, Carrying on research in alloys and non-ferrous metals.	17,00,000
3.	Kamani Metals and Alloys Ltd., Kurla (Bombay)	Manufacture of sheets of Brass, Copper etc., and the manufacture of all kinds of non-ferrous alloys.	20,00,000
4.	Mass Products (India) Ltd., Lucknow.	Manufacture of Hurricane Lanterns and other sheet metal press work.	10,00,000
5.	Indian Metal can manufacturers Ltd., Bombay.	Manufacture of tins of various sizes.	6,80,000
6.	National Aluminium company of India Ltd.	Manufacture of Alumina Aluminium Metal and Aluminium compounds.	3,75,00,000
7.	Scrap Utilisation Co., Ltd., Madras	Utilisation of scrap for the manufacture of agricultural implements and consumers goods.	10,00,000
8.	Metal Box Company of India Ltd., Calcutta, Bombay & Madras	Makers of containers principally from tinplate, but also from cardboard.	30,00,000
9.	India Tube Mills and Metal Industries Ltd., Bombay	Manufacture of Metal tubes pipes and fittings and to act as metal founders	20,00,000
10.	Lallubhai Amichand Ltd., Bombay	Manufacture of Metals non-ferrous etc.	60,00,000
		Iron and Steel Making.	
1.	Bharat Nut Bolt Industries Ltd. Bombay	Manufacture of Nut Bolts and all kinds of castings instruments, implements, tools, screws, nails, pins, etc.	10,00,000
2.	Electric smelting and Fertilisers Ltd., Madras.	Manufacture of steel, grey iron, fused phosphates, aluminium casting etc.	12,50,000
3.	Indian Steel and Wire Products Ltd., Calcutta.	Manufacture of Steel and Wire Products.	22,26,000

Name of Company	Object	Amount contacted
(1)	(2)	(3)
Iron and Steel Making—contd.		(Amount in Rs.)
4. Hind Wire Industries Ltd., Calcutta.	(i) Steel makers (ii) Manufacture of Wire, nails, screws, plates, ingots etc.	25,00,000
5. Guest Keen, Williams Ltd., Calcutta.	Manufacture of bolts, nails, reveta, *permanent* way material, signal fittings, spring steel, steel sleepers, shovels etc.	1,17,55,000
6. Bharat nut bolt Industries Ltd., Bombay.	Manufacture of nut, bolts, and all kinds of castings, instruments, implements, tools, screws, nails, pins, etc.	10,00,000
7. Electric Smelting and Fertukuzers Ltd., Madras.	Manufacture of steel, grey iron, fused phosphates, aluminium castings, etc.	12,50,000
8. Indian Steel and Wire Products Ltd., Calcutta.	Manufacture of steel and Wire Products.	22,25,589
9. Cochin Steel Ltd., Cochin . .	Manufacture of quality steel and steel casting.	25,00,000
10. Man Industrial Corporation Ltd., Jaipur State.	Manufacture of steel sashes doors and windows etc., etc.	20,00,000
11. Jam Wire Products Co. Ltd., Nawnagar State.	(i) Manufacture of wire and wire products. (ii) Manufacture of ortary oil mills, centrifugal and hand pumps. etc., etc.	10,00,000

List

Assistance rendered to Industry in general :—

(1) Liberal quotas of steel, pig iron etc. are allowed from the steel processing quota.

(2) Assistance in obtaining coal, coke, iron scrap, oil, building materials etc. is given when ever asked for.

(3) Priority in transport of raw materials of finished goods to and from the factory is also arranged.

(4) Import from abroad of semi-finished and finished parts required by the industry for improving the quality of products is recommended to the Licencing Authority. Concerning the import of capital goods, recommendations have often been made regarding the possibility of obtaining from indigenous sources or from cheaper sources of supplies from overseas.

(5) Samples of products are tested and the firms advised as to how they can improve their products.

(6) Services of technicians from foreign countries like Germany, Japan, Czechoslovakia, U. S. A. etc. and Indian scholars with overseas training, have been made available to the industry, where desired.

(7) Cases for protection to the industry have been recommended to the Tariff Board wherever necessary.

(8) Advice regarding suitability and usage of the materials used by them and source of supply of alternative materials etc. is given to the industry.

(9) Issue of capital for floating new firms or for expanding existing firms is recommended to the Controller of Capital Issues.

(10) Refunds of Excess Profits Tax Deposits is also recommended where it is required for development purposes.

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRY AND SUPPLY

NOTIFICATION

New Delhi, the 6th December, 1948.

No. I-4/1(19)-48.—In para. 1 of this Ministry's Resolution No. 1-4/1(19)/48, dated the 2nd September, 1948, constituting the Central Advisory Council of Industries, the following item shall be added, *viz.*,

"(12) Two Economists."

2. In pursuance of that Resolution, the Central Advisory Council of Industries will consist of the following members :—

The Hon'ble Dr. Syama Prasad Mookerjee, Minister for Industry and Supply.—*Chairman.*

GOVERNMENT REPRESENTATIVES

CENTRAL GOVERNMENT

Ministry of Industry & Supply	Mr. S. A. Venkataraman, C.I.E., I. C. S., Secretary Dr. Sir J. C. Ghosh, Director General, Industries and Supplies.
Ministry of Commerce	Mr. C. C. Desai, C.I.E., I.C.S., Secretary.
Ministry of Finance	Mr. A .K. Roy, Joint Secretary.
Ministry of Labour	Mr. S. Lall, C.I.E., I.C.S., Secretary.
Ministry of Railways	Dr. H. J. Nichols, Member (Engineering), Railway Board.
Ministry of Works, Mines and Power	Mr B. K. Gokhale, C.S.I., C.I.E., I.C.S., Secretary.

PROVINCIAL GOVERNMENTS

Assam	Mr. K. Balachandran, I.C.S., Secretary, Department of Transport, Shillong.
Bihar	Dr. K. R. Krishnaswami, Director of Industries, Patna.
Bombay	Secretary, Department of Education and Industries, Bombay.
Central Provinces	Director of Industries, Nagpur.
East Punjab	Mr. S. N. Kapur, I.S.E., Director of Industries, Simla.
Madras	Hon'ble Minister for Industries, Madras.
Orissa	Mr. M. L. Narasimiengar, Secretary, Department of Industries, Cuttack.
United Provinces	Hon'ble Mr. K. D. Malviya, Minister for Development, Lucknow.
West Bengal	Secretary, Department of Commerce and Industries, Calcutta.

STATES

Baroda	Dewan of Baroda, Baroda.
Hyderabad	Secretary, Commerce and Industries Department, Hyderabad.
Madhya Bharat	Shri V.V. Drevid, Minister for Industries, Commerce and Labour, Gwalior.
Mysore	Director of Industries and Commerce, Mysore.

REPRESENTATIVES OF THE STANDING ADVISORY COMMITTEES OF THE LEGISLATURE

Ministry of Industry and Supply	Mr. M. Ananthasayanam Ayyangar, M.C.A., Chittoor. Mr. B. L. Sondhi, M.C.A., "Sallg Niwas", Jullundur City.
Ministry of Commerce	Mr. Prabhu Dayal Himatsingka, M.C.A., 6, Old Post Office Street, Calcutta.
Ministry of Labour	Mr. Khandubhai K. Desai, M.C.A., Textile Labour Association, Ahmedabad.

REPRESENTATIVES OF COMMERCE

Federation of the Indian Chambers of Commerce and Industry.	Sir Shri Ram, 22, Curzon Road, New Delhi.
Associated Chambers of Commerce and Industry.	Sir Shanker Lall, Punjab Chamber of Commerce New Delhi.
All-India Manufacturers' Organisation.	Mr. Morarji J. Vaidya, Vice-President, All-India Manufacturers' Organisation, Bombay.

REPRESENTATIVES OF LABOUR

Indian National Trade Union Congress	Shri Harihar Nath Shastri, 11/39 Gwaltoli, Kanpur. Shri G.D. Ambekar, Mazdoor Manzil, Parel Bombay12.
Hind Mazdoor Panchayat	Mr. Asoka Mehta, 8, Dadyseth Road, Babulnath, Bombay 7. Mr. Rohit Dave, 23, Dongarsi Road, Walkeshwar, Bombay 6.
Indian Federation of Labour	Miss Maniben Kara, Cumbala Hills, 7, Hughes Road, Bombay.

REPRESENTATIVES OF INDUSTRY

Coal	Mr. J. N. Mookerjee, Indian Mining Federation, Calcutta. Mr. K. Basu, Indian Mining Association, Calcutta.
Iron and Steel	Sir Ardeshir Dalal, Bombay House, Fort, Bombay. Sir Biren Mookerjee, 12 Mission Row, Calcutta.
Cotton Textiles	Mr. T. V. Baddeley, Bombay Millowners' Association, Bombay. Mr. S. C. Roy, Bengal Millowners' Association, Calcutta. Mr. R. Venkataswami Naidu, Southern India Millowners' Association, Coimbatore.
Shipbuilding	Mr. Lalchand Hirachand, Director., Scindia Steam Navigation Co., Bombay.
Automobiles	Mr. Lalchand Hirachand, Premier Automobiles Ltd., Construction House, Ballard Estate, Bombay.
Machine Tools	Mr. M. Jambhekar, Mysore Kirloskar Ltd., Harihar Harapahalli Road, Harihar, Mysore State.
Electrical Engineering	Mr. Kishen Chand Kaycee Industries Ltd., Kamani Chambers, Nicol Road, Bombay.
Structural Engineering	Mr. A. M. Kapadia, Structural Engineering Works Ltd., Sewri Fort Road, Bombay 15.
Mechanical Engineering	Mr. S. S. H. Sitwell, Indian Engineering Association Calcutta.
Basic Chemicals	Mr. P. A. Narielwala, Tata Chemicals Ltd., Bombay House, Bombay.
Fine Chemicals and Pharmaceuticals	Mr. B. Maitra, Calcutta Chemical Co., Ltd., 35, Panditia Road, Calcutta.
Non-Ferrous Metals	Mr. G. D. Binani, Indian Non-Ferrous Metals Manufacturers' Association, Calcutta.
Cement	Sir Homi Modi, Bombay House, Bombay.
Sugar and Power Alcohol	Mr. Karam Chand Thapar, 5, Royal Exchange Place, Calcutta.
Paper	Seth S. P. Jain, 9, Dalhousie Square, East, Calcutta.
Jute	Mr. M. P. Birla, Indian Jute Mills Association, Royal Exchange, Calcutta.
Soap	Mr. K. M. Antia, Tata Oil Mills Co. Ltd., Bombay House, Bombay.
Leather and Leather Manufactures	Sir A. . Inskip, British India Corporation, Kanpur.
Rubber	Mr. J. P. Gupta, R. B. S. Jain Rubber Mills Benares.
Woollen Textiles	Mr. Maganlal B. Patel, Federation of Woollen Manufacturers in India, Dougall Road, Ballard Estate, Bombay.
Silk Textiles	Mr. N. Rama Rao, Mysore Silk Basavangudi, Bangalore 4.
Tobacco	Mr. J. B. Elias, National Tobacco Co. of India Ltd. 1 & 2, Old Court House Corner, Calcutta.
Vanaspati and Processed Foodstuffs	Mr. C. S. Petit, Hindustan Vanaspati Manufacturing Co., Bombay.
Plywood	Mr. Debes C. Ghose, Mission Court, P. 12 Mission Row Extension, Calcutta.
Fertilisers	Mr. V. Seshasayee, Seshadri House, Mowbrays Road, Madras.

REPRESENTATIVES OF INDUSTRY——contd.

Skins and Hides	Mr. M. J. Jamal Moideen, Southern India Hides and Skin Merchants' Association, Madras.
Aluminium	Sir Padampat Singhania, Kamla Tower, Kanpur.
Re-rolling Mills	Mr. N. N. Rabbit, Indian Steel Re-rolling Mills Association, 20, Strand Road, Calcutta.
Economists	Dr. Radhakamal Mukerjee, The University, Lucknow.
	Dr. Gyan Chand, Prime Minister's Secretariat, New Delhi.

3. A further notification will be issued regarding the three unfilled seats.

4. The term of membership will expire on the 31st December, 1949.

ORDER

ORDERED that a copy of the above Notification be communicated to all Provincial Governments and Administrations, all Ministries of the Government of India, the Indian Trade Commissioners, all Indian Embassies, the High Commissioner for India, London, His Majesty's Trade Commissioner in India, all Chambers of Commerce and Associations, the Director of Commercial Intelligence and Statistics, Calcutta, the High Commissioner for India in Pakistan, Karachi, the High Commissioner for Pakistan in India, New Delhi, and the Secretary, Indian Tariff Board.

ORDERED also that it be published in the *Gazette of India*.

S. A. VENKATARAMAN, *Secy.*

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRY AND SUPPLY

NOTIFICATION

New Delhi, the 8th January, 1949.

No. I(4)-1(19)/48.—In para. 2 of this Ministry's Notification No. I(4)-1(19)/48, dated the 6th December, 1948, the following additions and amendments shall be made, *viz.*,

(1) Under Provincial Governments, against Orissa, *substitute* "Mr. M. L. Narasimiengar, Director of Industries, Cuttack," *for* "Mr. M. L. Narasimiengar, Secretary, Department of Industries, Cuttack."

(2) Under States, the following new entry shall be made,

Travancore.....Mr. C. Kumara Das, Estate Industrial Liaison Officer, Trivandrum.

(3) Under Representatives of Industry—

Against Iron & Steel, *substitute* "Sir Padamji P. Ginwala, 12 Mission Row, Calcutta", *for* "Sir Biren Mookerjee, 12 Mission Row, Calcutta".

Against Shipbuilding, *substitute* "Mr. M. A. Master, Scindia Steam Navigation Co., Bombay", *for* "Mr. Lalchand Hirachand, Scindia Steam Navigation Co., Bombay".

(4) Under Representatives of Industry—

After "Paper.....Seth S. P. Jain, 9 Dalhousie Square, East Calcutta."

the following new entry shall be made,

Glass & Ceramics.....Mr. R. D. Chandorkar, M/S. Vijay Glass Works, Mazagaon, Tram Terminus, Bombay 10.

ORDER

ORDERED that a copy of the above Notification be communicated to all Provincial Governments and Administrations, all Ministries of the Government of India, Cabinet Secretariat, Prime Minister's Secretariat, the Indian Trade Commissioners, all Indian Embassies, the

High Commissioner for India, London, His Majesty's Trade Commissioner in India, all Chambers and Associations, the Director of Commercial Intelligence and Statistics, Calcutta, the High Commissioner for India in Pakistan, Karachi, the High Commissioner for Pakistan in India, New Delhi, and the Secretary, Indian Tariff Board.

ORDERED also that it be published in the *Gazette of India*.

M. P. PAI, *Joint Secy.*

SURVEY PROJECTS ON B. N. RAILWAY

*52. **Shri Lakshminarayan Sahu:** Will the Honourable Minister of Railways be pleased to refer to my starred question No. 626 asked on the 5th March, 1948 and state:

(a) what progress has so far been made with regard to the Survey Projects on the Bengal-Nagpur Railway since the 5th March, 1948;

(b) the details of work on every project;

(c) what has been the total expenditure so far;

(d) what will be the probable expenditure for all the projects on the Bengal Nagpur Railway when the work will be completed; and

(e) the probable time of completion of each?

The Honourable Shri N. Gopalaswami Ayyangar: (a) Surveys of the Railway Projects, referred to in starred question No. 626 which were in hand at that time, have been completed.

(b) Traffic and Engineering Surveys only, as detailed in the reply to starred question No. 626, have been carried out. No construction has commenced on any of the Projects, except for the Combined Rail-Road Bridge over the Mahanadi River and the rail approach to it.

(c) Rs 24·74 lakhs has been spent so far on the surveys.

(d) No further expenditure is to be incurred on surveys on the B. N. Railway. The estimated cost of construction at present-day rates of various new line projects on the B. N. Railway is about Rs. 42 crores. It is not possible at this stage to state exactly what will be the probable expenditure on new line projects on the B.N. Railway, as this will depend on the rates prevailing during the years in which construction is taken up, and the decision as to which of the projects are to be executed.

(e) Individual projects may take anything from 2 to 4 years to complete. It is, however, not possible to give at present the probable time of completion of each project.

PASSENGER TRAFFIC EARNINGS ON RAILWAYS

*53. **Shri Lakshminarayan Sahu:** Will the Honourable Minister of Railways be pleased to state what was the total passenger traffic earning in the year 1947-48 for each of the following classes: (i) first class; (ii) second class; (iii) inter class; and (iv) third class?

The Honourable Shri K. Santhanam: The total passenger traffic earnings by classes on Indian Government Railways during 1947-48 were:

(i) First Class—Rs. 2,28,27,000.

(ii) Second Class—Rs. 5,62,11,000.

(iii) Inter Class—Rs. 3,90,67,000.

(iv) Third Class—Rs. 58,28,64,000.

CENTRAL CONTROL OF POSTAL SYSTEMS IN STATES

*84. **Dr. V. Subramaniam:** (a) Will the Honourable Minister of Communications be pleased to state the present Postal arrangements, their control etc., in all the States which have acceded to the Indian Union?

(b) Since many States are also running their own Post Offices, printing their own stamps etc., what is the agreement reached between the States and the Govt. of India to bring them under one control?

(c) Are Postal stamps issued by States like Travancore, Cochin, Jaipur and such other States, who print their own stamps, valid in the Indian Union territory?

Shri Khurshed Lal (Deputy Minister for Communications): (a) The position is substantially the same as existed before the 15th August, 1947 except that privileges which previously vested in the integrated States have now been transferred to the respective Unions of States.

(b) In accordance with the various Instruments of Accession, all States and Unions of States have acceded in respect of the subject Posts and Telegraphs. Details regarding taking over by the Indian Posts and Telegraphs Department, the separate postal systems as exist in some States, have not yet been worked out. It is proposed shortly to hold a Conference on this subject with representatives of the States concerned.

(c) Postal stamps issued by States like Travancore, Cochin, Jaipur, etc., are not valid in the Indian Union territory; but stamps issued by the States of Gwalior, Patiala, Jind, Chamba and Nabha, which entered into convention with Government of India a long time ago, are valid in payment of postage on articles posted in their post offices for delivery in India.

MEASURES TO CHECK CORRUPTION IN RAILWAY ADMINISTRATION

*85. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of Railways be pleased to state what steps have been taken or are being taken to check corruption in Railway Administration and particularly, in the case of the allotment of priority of wagons and the regulation of wagon movements?

(b) Do Government propose to consider the advisability of associating independent non-officials of undoubted integrity and eminence with the authorities concerned in making wagon priority allotments and in regulation of wagon movements with a view to minimise the chances of corruption?

The Honourable Shri N. Gopalaswami Ayyangar: (a) The question, especially the portion relating to the allotment of priorities and of wagons and regulation of wagon movements is not clear. Priority for movement of goods is granted by the Railway Priority Organisation in the Ministry of Transport. Railway Administrations arrange for allotment of wagons and regulate wagon movements in accordance with the orders issued by the Priority Organisation.

Government have taken the following steps to deal with corruption on railway administration:

(1) The Special Police Establishment was set up in 1942 to investigate cases of corruption. Selected railway staff have been attached to this organisation to assist in the investigation and detection of railway cases and this number has recently been increased;

(2) Separate Complaints sections have been set up on railways and in the Railway Board's office to expedite the investigation and disposal of complaints, including cases of corruption.

(3) All railway staff have been warned that severe action will be taken against any member of the staff found guilty of indulging in corrupt practices.

In regard to regulation of wagon movements, the procedure for registration of goods, allotment and loading of wagons has recently been reviewed and Railway Administrations have been directed to frame standard rules and give wide publicity to them and this action is aimed towards minimising possibility of corrupt practices.

(b) Independent non-officials are already associated through the Regional Advisory Committees which have been functioning since April last in the issue of priority for rail transport. These Committees advise Regional Controllers of Railways Priorities on this subject.

The following further action has been taken for the better regulation of wagon movements:

(1) framing of standard rules for registration of goods, allotment and loading of wagons and give wide publicity to it,

(2) furnishing the public with details of allotment of wagons made daily by supplying this information to Chambers of Commerce, Merchants' Association, etc., where they exist and by displaying them on the notice boards at other stations.

Steps to check Ticketless Travelling

*56. **Pandit Mukut Bihari Lal Bhargava:** Will the Honourable Minister of Railways be pleased to state what steps have been taken or are being taken by the Railway Administration to check ticketless travelling on Railways?

The Honourable Shri K. Santhanam: Railways are tackling the ticketless travel problem in two ways. They are taking energetic steps to improve their own arrangements in order that there can be no valid reason for any passenger to travel without a ticket. Stocks of tickets are now maintained at adequate levels; booking staff are trained and encouraged to issue tickets more rapidly; additional city booking offices and additional booking windows at stations have been provided; and the hours of opening extended.

A new feature of the railway drive against those who deliberately travel without tickets or with irregular tickets has been the enlistment of the co-operation of Provincial Governments. In particular, in the U.P. where this problem had assumed alarming proportions, a scheme was introduced from the 1st January, 1948, under which the Provincial Government provided a complement of 17 platoons of mobile police and 84 Special Magistrates to work in conjunction with the railway checking staff. In addition to checks in running trains, surprise checks are carried out at roadside stations and between stations, the checking points being reached by road transport. Results in the U.P. have been encouraging both in respect of recoveries from ticketless passengers and of improved booking office receipts

Other steps taken by railways include the enforcement of maximum control at station entrances and exits, for which purpose, additional staff have been provided where necessary; the introduction of an element of surprise in checking by means of control from a central office; and requiring railway officers of all departments to assist by bringing to the notice of the officer directly responsible any slackness or unsatisfactory conditions which they may observe at stations or in trains.

Pay Scales of Chargemen in Mechanical Department of B. B. & C. I. Railway

*57. **Pandit Mukut Bihari Lal Bhargava:** Will the Honourable Minister of Railways be pleased to state whether it is a fact that scales of pay other than those prescribed by the Pay Commission were provided for Chargemen in the

Mechanical Department of the Bombay, Baroda and Central India Railway and if so, why?

The Honourable Shri K. Santhanam: The answer to the first part of the question is in the affirmative.

The Central Pay Commission's recommendation on scales suitable for the subordinate supervisory staff in the Mechanical Departments of Railways is general. The category of junior chargemen, current on some railways had not been specifically mentioned and on railways such as the B.B. & C.I. where all charge hands were called chargemen, it was found that the duties and responsibilities of the less experienced chargemen corresponded to those of junior chargemen and apprentice chargemen. They were accordingly given a scale appropriate to their responsibilities status.

IMPORT OF IRON AND STEEL

*58. **Prof. N. G. Ranga:** Will the Honourable Minister of Industry and Supply be pleased to state:

(a) whether our imports of iron and steel from the United States of America, Canada, the United Kingdom and Belgium have improved during the last year;

(b) if so, to what extent; and

(c) what our total import requirements of iron and steel are?

The Honourable Dr. Syama Prasad Mookerjee: (a) Yes, Sir.

(b) Imports in 1948 have more than doubled when compared with 1947 figures.

(c) If all demands are to be met, we will require over 1½ million tons from imports.

MACHINE TOOL INDUSTRY

*59. **Prof. N. G. Ranga:** Will the Honourable Minister of Industry and Supply be pleased to state:

(a) the progress which has been made in building up the machine tool industry;

(b) whether Government have started their own factories for this purpose, and if so, how many and where they are located;

(c) what subsidy and other forms of encouragement are recommended by the Tariff Board for the machine tool industry; and

(d) whether Government have come to any decisions regarding the recommendations of the Tariff Board and if so, what they are?

The Honourable Dr Syama Prasad Mookerjee: (a) The actual output of graded machine tools in the years 1947 and 1948 was 1,400 and 1,691 respectively. In 1948, sixteen new firms started the manufacture of machine tools, thus making a total of about 53 ungraded firms. Out of this, fifteen firms applied for facilities of inspection to be afforded to them. There are two firms who have effected considerable improvement in their production and are likely to be upgraded very soon. The total number of graded firms will thus come to sixteen. Besides six more firms stand a fair chance of being added to the list of graded manufacturers of machine tools. The output of graded (approved) machine tools is thus expected to increase by about 50 per cent. during the year 1949. Applications for licences to import machine tools are screened with a view to protecting the industrial concerns which are engaged in the manufacture of machine tools.

(b) No Government factory has yet been started, but action to establish a factory for the manufacture of more intricate types of machine tools hitherto not manufactured in this country has been initiated.

(c) and (d). I would invite the attention of the honourable member to the resolution of the Government published in the Gazette of India, Extraordinary, dated June 14, 1948.

New Third Class Railway Coaches

*60. **Prof. N. G. Ranga:** Will the Honourable Minister of Railways be pleased to state:

(a) what progress has been made in manufacturing the all-metal third class railway coaches;

(b) when the proposed 100 coaches are expected to be completed;

(c) how much each one costs;

(d) where they are being manufactured;

(e) whether there are any schemes for manufacturing more such coaches at other places; and

(f) how many new coaches are needed to replace the annual wastage and also to replace the wastage which occurred since 1939?

The Honourable Shri N. Gopalaswami Ayyangar: (a) Three—10 Feet wide all-metal class III coaches have been completed upto 15th January, 1949 and the rest are in the process of construction.

(b) 100 all-metal class III coaches are expected to be completed by March, 1950.

(c) The approximate average cost of each coach is Rs. 99,000.

(d) They are being manufactured by Messrs. Hindustan Aircraft Ltd., Bangalore.

(e) Yes.

(f) The average number of new passenger coaches needed to replace the average coaches is 870 per year. The number needed to replace coaches which have become overage since 1939 is about 2,400.

Government's New Textile Policy

*61. **Prof. N. G. Ranga:** Will the Honourable Minister of Industry and Supply be pleased to state:

(a) when the Government of India's new Textile Policy was announced,

(b) how far it has been enforced;

(c) what response it has received from the Mills;

(d) how many mills are working three shifts a day;

(e) to what extent production has been stepped up;

(f) what decisions have been taken by Sivasanker's Committee;

(g) whether the yarn of finer counts is being placed at the disposal of handlooms;

(h) whether the quantity of yarn needed by handlooms is being fully supplied and if not, in what proportion; and

(i) what steps Government are taking to increase the production of mill cloth?

The Honourable Dr. Syama Prasad Mookerjee: (a) The new Textile Policy was announced in the Government of India, Ministry of Industry and Supply, Resolution No. 90/14-Tex.I/48, dated the 31st July, 1948.

(b) The policy announced in the Resolution has already been implemented in all respects.

(c) I have no reason to consider the general response to be other than satisfactory.

(d) Thirty-two spinning mills and seventy-one composite mills are working three shifts a day for spinning and twenty-five composite mills for spinning and weaving.

(e) The average monthly production of yarn during the five months of control has exceeded the average monthly production during the seven months of de-control by about 4 per cent. The cloth production has been much the same.

(f) The report of the Cotton Textile Production Control Committee presided over by Mr Sivasankar is under examination and the decisions of the Government on that report will be announced in due course.

(g) Yes, Sir.

(h) About 80,000 bales of yarn are available for distribution in the Provinces and States and 65,000 bales per month out of this are estimated to be going to handlooms. This does not, however, meet the full requirement of the handloom industry.

(i) Certain tentative measures of production control have been introduced from the 1st January, 1949. These are meant to secure the production of durable varieties of cloth required by the common people. Other measures of production control have been examined by the Production Control Committee and their report is now under examination of Government. The report, indicates, however, that no very great increase in cloth production can be expected until the production of raw cotton in India is increased.

DISTRIBUTION OF CLOTH AND YARN THROUGH CO-OPERATIVE SOCIETIES

*62. **Prof. N. G. Ranga:** Will the Honourable Minister of Industry and Supply be pleased to state:

(a) how many and which Provincial and State Governments have accepted the Government of India's proposal to distribute yarn and cloth through Co-operative Societies;

(b) which of them are organising new Co-operative Societies for the distribution of yarn and cloth; and

(c) whether the Government of India propose to give any financial or other encouragement to those Governments which are willing to develop Co-operative Societies?

The Honourable Dr. Syama Prasad Mookerjee: (a) All provinces and States are distributing part of their cloth and yarn through co-operative societies,—some a large part of the supply and some a small quantity. Only one province, namely, Assam, is distributing cloth and yarn exclusively through co-operative societies. The Government of India never decided that co-operative societies should be the exclusive channel of distribution. The decision taken after consultation with the provinces was that co-operative societies should be encouraged and that the Government of each province or State should decide for itself how much of the supplies should be distributed through co-operative societies and how much through other agencies.

(b) Many of them are doing this, but we have no details. In particular Assam is organising them on a large scale.

(c) The development of co-operative societies is a provincial subject, and no question of financial assistance from the centre has been raised.

WATER SUPPLY TO SOUTH INDIAN RAILWAY BY TIRUCHIRAPALLI MUNICIPALITY

*63. **Dr. V. Subramaniam:** (a) Will the Honourable Minister of Railways be pleased to state whether it is a fact that the South Indian Railway authorities at Tiruchirapalli Junction are getting one lakh of gallons of water daily from the Tiruchirapalli Municipality on some agreement? If so, what is the agreement and what is its period?

(b) Has the Railway Board any idea of cancelling the agreement with the Tiruchirapalli Municipality, so that the Municipality may be relieved of the burden of supplying water for Railway needs?

(c) Is it a fact that the South Indian Railway authorities have constructed a separate pumping station at Sarkarpalayam, Tiruchirapalli, to pump water to the Tiruchirapalli Junction?

The Honourable Shri N. Gopalaswami Ayyangar: (a) Yes. The arrangement is a perpetual one and under this the railway and the municipality shared the initial cost of the construction, and the working expenses are also shared annually in proportion to water actually consumed by each.

(b) No. The pumping station is jointly owned by the Railway and the municipality.

(c) No. The Railway has a separate pumping station at Sircarpalayam, but this is designed and intended for supply of water to Golden Rock and not to Tiruchirapalli Junction.

FOOD PRODUCTION AND CO-OPERATIVE CULTIVATION OF WASTE LAND

*64. **Shri S. Nagappa:** (a) Will the Honourable Minister of Agriculture be pleased to state whether Government have been able to increase the food production of the Country? If so, by what percentage?

(b) Was there any acreage of cultivable waste land brought under cultivation during the last one year?

(c) If so, what is the acreage and what is the quantity of additional foodstuff thus produced?

(d) Is it a fact that most of such lands were brought under plough by agricultural labourers, and if so, what is the special encouragement that Government have given them?

(e) Will such lands be developed into collective farms on co-operative basis?

The Honourable Shri Jairamdas Doulatram: (a) The production of the 8 principal food grains (rice, wheat, jowar, bajra, maize, ragi, gram and barley) in the reporting areas of the Indian Union in 1947-48 was 42,663,000 tons. During 1946-47 it was 42,068,000 tons. This shows an increase in production of 595,000 tons in 1947-48 over the production of 1946-47, in spite of extensive damage to rice crop in the South owing to failure of the monsoon. This increase works out at 1·4 per cent. during 1947-48 as compared with 1946-47.

(b) Yes.

(c) The total acreage of cultivable waste lands brought under cultivation during 1948 was 4,15,833. The additional quantity of food grains produced from this area exclusive of Bombay and Orissa was 34,41,071 maunds, *i.e.*, nearly 1,22,895 tons. A statement showing area reclaimed and additional foodgrains production achieved in each of the provinces is placed on the table of the House.

(d) Nearly 40 per cent. of these lands were reclaimed with the help of tractors, while the remaining 60 per cent. were brought under cultivation by the farmers themselves who naturally took the help of agricultural labourers to a certain extent. Reclamation of culturable wastelands is helped by one or more of the following measures:

(1) Subsidies from the Grow More Food funds are given by the Central and Provincial Governments to the extent of 50 per cent. of the cost of reclamation.

(2) Taccavi loans free of interest are given by the Provinces. A part of these loans is later written off as subsidy.

(3) Tractors are hired out to cultivators at reasonable or subsidised rates.

(4) Exemption from land revenues are made in the initial stages and reduced rates are charged in the next few years.

(5) Loans and subsidies for purchase of cattle implements, seeds, manure, etc., are also given.

(e) The question of organising reclaimed lands on co-operative or collective or individual basis is, for the Provincial Governments to decide. However, according to information available, U.P., Orissa and Bombay, have got plans for developing a portion of the reclaimed lands on co-operative and collective farming basis.

Statement showing province-wise acreage of cultivable waste-land brought under cultivation and additional food grains produced therefrom during 1948.

Name of Province	Total area reclaimed (in acres)	Additional food-grains produced in Bengal Maunds
Bihar	13,450	2,54,250
United Provinces	28,888	2,55,260
Orissa	3,396	(not available)
C. P. & Berar	2,00,000	7,71,039
Assam	10,363	3.10,878
East Punjab	10,354	51,770
Bombay	392	(Not available)
West Bengal	67,167	970 (rest of the reclaimed lands put under Jute and Potato cultivation.)
Madras	1,11,823	17,96,904
TOTAL	4,45,833	34,41,071

FOOD POSITION

*65. **Dr. V. Subramaniam:** (a) Will the Honourable Minister of Food be pleased to state the over-all food position in India for the year 1949 so far as the sufficiency or insufficiency of food is concerned and if insufficient to what extent?

(b) What was the total yield of foodgrains for the year 1948 and what was the tonnage imported and the total cost of imported food stuffs and grains?

(c) In how many provinces has the ration system been again introduced and if so, when was it introduced?

(d) In how many towns in each province has statutory ration been again introduced and what is the number of people affected by it?

(e) Is there rationing in States?

The Honourable Shri Jairamdas Doulatram: (a) Generally speaking the seasonal condition were unfavourable for the current *kharif* crops. Considerable damage has been caused to the millets and maize crops by heavy floods during September, 1948, in the United Provinces and Bihar. There was a continuous and prolonged drought in the whole of Western India. The excessive and untimely rainfall in the second half of November, 1948, followed by the cyclone has caused considerable damage to crops in Bombay and C.I. There was also an unusually long gap between the South West and North East Monsoon in the Southern Region. Tht yield of the *kharif* crops will, therefore, be below the normal. Seasonal conditions have so far not been unfavourable to be *rabi* Crops, but rains are needed now, and in parts of Bombay and Saurashtra the wheat seedlings are reported to have been attacked by rust. Assuming, however, that the *rabi* crops will be normal, it is considered by rust. the Central Government will have to distribute under their Basic Plan to the deficit Administrations during 1949 about four million tons of foodgrains.

(b) The total production of foodgrains during the crop year 1947-48 was 42,663 thousand tons. During 1948, the Central Government imported a total quantity of 2,840 thousand tons of foodgrains valued at 129·6 crores of rupees.

(c) and (d). Two statements are placed on the table of the House.

(e) Yes, but not in all States.

Statement I.

Showing dates of re-introduction of rationing in Provinces/ Administrations

S. No.	Name of Province/Administration where rationing has again been introduced	Date of re-introduction of Rationing		
		Statutory	Partial	Controlled Distribution including Relief Quota shops
1	Assam	*	..	..
2	West Bengal	*	..	July, 1948.
3	Bihar	1-11-48	..	July, 1948.
4	Bombay	*	..	August, 1948.
5	C. P. and Berar	..	..	..
6	Madras	*	..	July, 1948.
7	Orissa	..	..	..
8	East Punjab	1-1-49	..	September, 1948
9	U.P.	..	..	August, 1948.
10	Ajmer-Merwara	*	1-11-48	..
11	Delhi	*	..	July, 1948.
12	Coorg	..	..	..
13	Himachal Pradesh	8-1-49	..	..
14	Kutch	..	1-11-48	..

* Statutory Rationing was not discontinued in these Provinces during the period of de-control.

Statement II.

Showing the position re *Extension and Re-introduction of Statutory Rationing.*

S. No.	Province/ Administration	Extension of Rationing (i.e. Additional towns to which St. Rationing have been extended.)			Re-introduction of Statutory rationing			Total No. of Towns where Statutory Rationing has been re-introduced	Population (in '000)
		Date	Number of towns	Population (in thousand)	Date	No. of towns	Population (in '000)		
1	Assam	..	..		..	..	..		..
2	West Bengal	..	..	..	..	..	..	..	..
3	Bihar	..	..	..	8-11-48	1	271	1	271
4	Bombay	25-12-48 onward	5+47 Villages	699 150	..			5+47 Villages	699 150
5	C. P. & Berar	..	..	..	..			..	..
6	Madras	5-12-48 onward	28	1,308	..			28	1,308
7	Orissa	..	..	..	..	..	..	..	..
8	East Punjab	..	..	..	1-1-49	10	1,269	10	1,269
9	U.P.	..	..	..	—	..	..	..	..
10	Ajmer-Merwara	18-10-48 onward	2	77	..	..	..	2	77
11	Coorg	..			..	..	..	..	
12	Delhi				..	..	..	..	
13	Andaman & Nicobar	..			..	..			
14	Himachal				8-1-49 onward	4	9	4	9
15	Kutch		..	..	..	..	..	..	..
			30 towns and 47 rural areas.	2,234		15	1,549	45+47 Villages	3,783

Total Number of Towns 45 (and 47 rural areas)
Total number of rationed population covered-3,783, 000 persons.

CONSTRUCTION OF A BRIDGE OVER GANGA AT PATNA

*66. **Shri Jadubans Sahay:** (a) Will the Honourable Minister of Railways be pleased to state whether it is a fact that the question of constructing a bridge over the river Ganga at Patna has been engaging the attention of the Government of India?

(b) Is it a fact that the Government of Bihar and the Bihar Legislature have made representations for constructing the bridge over the Ganga at Patna and not at Mokamah?

(c) Are Government aware that a bridge near Patna will link up South Bihar with North Bihar?

The Honourable Shri N. Gopalaswami Ayyangar: (a) Yes.

(b) Yes.

(c) The bridge at Mokamah will equally link up South Bihar with North Bihar.

ESTABLISHMENT OF A FOREST RESEARCH INSTITUTE AT RANCHI

*67. **Shri Jadubans Sahay:** Will the Honourable Minister of Agriculture be pleased to state:

(a) the names of the places where Forest Research Institutes are located:

(b) whether Government are aware of the importance of setting up such an institute in the eastern part of India:

(c) whether Government are aware that Ranchi (Bihar) will provide an ideal site for a Forest Research Institute which will cater to the needs of Bihar, Orissa, West-Bengal and Assam; and

(d) what steps Government propose to take for setting up such an Institute in the eastern-zone of India?

The Honourable Shri Jairamdas Doulatram: (a) There is only one Forest Research Institute in India situated at Dehra Dun but research in Silviculture is carried out in most Provinces also. There is a Forest Research Laboratory in Bangalore in which research in some aspects of forest utilization is carried out.

(b) to (d). Under present conditions, the Forest Research Institute at Dehra Dun is fully equipped to cope with research problems of the whole country. When, however, forestry becomes intensified and forest industries develop further, it may become desirable to establish a Research Station in the Eastern part of India.

LAND RECLAMATION AND SUPPLY OF TRACTORS IN BIHAR

*68. **Shri Jadubans Sahay:** Will the Honourable Minister of Agriculture be pleased to state:

(a) Whether the Government of India have received any report from the Government of Bihar regarding the progress made by them in the reclamation of lands;

(b) if so, the area of land reclaimed during the year 1947-48 in Bihar;

(c) whether it is a fact that the non-availability of suitable tractors has hampered the progress of land reclamation in Bihar;

(d) what steps have been taken in order to supply tractors to the Government of Bihar; and

(e) whether Government propose to evolve some scheme through which tractors may be popularised among the agriculturists?

The Honourable Shri Jairamdas Doulatram: (a) Yes.

(b) The total area of land reclaimed in Bihar during 1947 and 1948 is as follows:

1947—3,500 acres.

1948—13,450 acres.

These areas were reclaimed by means of manual labour.

(c) The reply is in the negative. In fact so far there has been no scheme for reclamation of land by use of tractors in Bihar. The Government of India have recently drawn up a scheme for the reclamation of about six million acres of land in India during the next sever years. The area proposed to be reclaimed in Bihar under the scheme is two lakh acres of new land and 1·5 lakh acres of weed infested land. This work will be done by mechanical means.

(d) In 1945 the Government of Bihar placed an order for 25 tractors with the Government of India. Out of these 23 have since been released and two are expected very shortly. In August, 1948, the Provincial Government enquired whether the Government of India could arrange to supply thirty tractors immediately. The Provincial Government were informed that nine tractors could be made available immediately and the balance would be supplied in 1949. The Provincial Government accepted the delivery of only four tractors and preferred to make their own arrangements of the balance of their requirements.

(e) The Provincial Government have sanctioned a scheme for hiring out tractors to the cultivators at the rate of Rs. 35 per tractor per day. The question of enlarging its scope with a view to popularising the use of tractors amongst the cultivators is under consideration of the Provincial Government.

MODEL AEROPLANE CLUBS IN COLLEGES

*69. **Shri Jadubans Sahay:** (a) Will the Honourable Minister of Communications be pleased to refer to the answer to starred question No. 1277 asked on 6th April 1948 regarding gliding clubs in premier educational institutions in India and state whether Government have been able to set up Model Aeroplane Clubs in colleges as stated therein?

(b) If so, what are the names of the colleges where such clubs are in existence?

(c) Do Government propose to set up such a Model Aeroplane Club in Patna for making the students air-minded?

(d) If so, what steps have been taken by Government in this direction?

Shri Khurshed Lal (Deputy Minister for Communications): (a) to (d). Owing to paucity of material, it has not been possible to set up so far any Model Aeroplane Clubs in educational institutions. Information has, in the meanwhile, been collected from foreign countries regarding details of such Clubs and action is in hand for the manufacture of constructional kits for making Model Aeroplanes. Model Aeroplane Clubs will be started in educational institutions at Delhi, Patna and other Centres as soon as preparatory work is completed.

CONSTRUCTION OF BRIDGE OVER RIVER KOEL, BIHAR

*70. **Shri Jadubans Sahay:** Will the Honourable Minister of Railways be pleased to state:

(a) whether it is a fact that the question of constructing a bridge over the river Koel near Garhwa Road Station, East Indian Railway (Bihar), is under the consideration of Government;

(b) whether Government are aware that heavy traffic has to pass through the river Koel in order to reach the said Railway Station;

(c) whether Government are aware of the loss of lives and goods caused to the passengers by the flood in the river Koel; and

(d) whether the Government of Bihar has recommended to the Railway Board the construction of the aforesaid bridge?

The Honourable Shri N. Gopalaswami Ayyangar: (a) No railway bridge is required at present over the river Koel near Garhwa Road Station.

(b) Yes, road traffic between the Railway station and Garhwa Town has to cross the river Koel.

(c) Government have no information on the subject.

(d) The Bihar Government have recommended that if a railway bridge is constructed over the river Koel in connection with the proposed railway line from Garhwa Road Station to Manikpur, a road deck should also be provided on the bridge.

THROUGH TRAINS BETWEEN MADRAS AND MANGALORE

*71. **Shrimati Dakshayani Velayudhan:** Will the Honourable Minister of Railways be pleased to state:

(a) the number of through trains from Madras to Mangalore per day; and

(b) whether Government have any intention to increase the number of such trains to minimise the rush in that line?

The Honourable Shri N. Gopalaswami Ayyangar: (a) One.

(b) Not until more coaching stock and engines are available. Revision of timings of Cochin Expresses is, however, under consideration in order to reduce pressure on Mangalore Expresses.

RECOMMENDATIONS OF SALT EXPERTS COMMITTEE

*72. **Shri B. N. Munavalli:** (a) Will the Honourable Minister of Industry and Supply be pleased to state whether the Salt Experts Committee has sent its recommendations about the location of new factories, improved methods of manufacture and expansion of existing factories to Government?

(b) If so, do Government propose to place a copy of the said recommendations on the table of the House?

(c) Have Government examined the said recommendations?

(d) If so, which of those recommendations do Government propose to implement?

The Honourable Dr. Syama Prasad Mookerjee: (a) The Committee has not yet sent its final recommendations. Only an interim report has been received.

(b) The final report will be placed on the table of the House.

(c) The interim report has been examined.

(d) Government are implementing the following recommendations contained in the interim report:

(1) *Location of new factories.*—

Development of Salt Industry on the Contai Sea-board in West Bengal. The matter has been taken up with the West Bengal Government.

(2) *Improved methods of manufacture.*—

(i) Restrictions on the manufacture of light grades of salt in Bombay.

(ii) Extension of the manufacturing season at Kharagodha.

(3) *Expansion of existing Government factories.*—

(i) Cleaning of all the canals and crystallising beds at Sambhar, and provision of additional transport facilities.

(ii) Expansion of the laboratory at Sambhar.

(iii) Provision of Mechanical Transport at Didwana.

(iv) Renovation of the pits at Pachbadra by increasing the advances to the Kharwals

(v) Provision of a proper source of water supply through a pipe-line, from Balotra or Tilwara to Pachbadra.

SURVEY OF NEW RAILWAY LINE THROUGH BUSTAR STATE

*73. **Shri B. N. Munavalli:** (a) Will the Honourable Minister of Railways be pleased to state whether Government have received the reports about the survey for the construction of a new railway line to connect either Nagpur or Raipur through the Bustar State with the Raipur-Vizianagram Chord line?

(b) Have the said reports been placed before the Central Board of Transport?

(c) Which line has been approved by the Central Board and when do Government propose to commence the work of constructing the said new Railway?

The Honourable Shri N. Gopalaswami Ayyangar: (a) Advance copies of Survey Reports for the construction of a new railway to connect either Nagpur or Raipur through the Bustar State with the Roipur-Vizianagram Chord have been received.

(b) The Survey Reports have not yet been placed before the Central Board of Transport. They are under scrutiny by the Financial Adviser and Chief Accounts Officer, Bengal-Nagpur Railway and the Railway Board.

(c) In view of reply to part (b), the question does not arise.

BUSES FOR DELHI TRANSPORT SERVICE AND CONCESSION TICKETS

*74. **Shri B. N. Munavalli:** Will the Honourable Minister of Transport he pleased to state:

(a) whether Government have acquired all the buses which they proposed to acquire during the financial year 1948-49 to ply in Delhi and New Delhi; and

(b) whether the benefit of tho system of monthly tickets at concessional rates given to school boys and students has been extended to other people in Delhi and New Delhi?

The Honourable Shri K. Santhanam: (a) Not yet. Besides the 189 vehicles taken over from the G.N.I. Co., 51 new vehicles have already been purchased and order has been placed for 75 more to be purchased during 1948-49.

(b) Any passenger can buy monthly tickets for any route on payment of 45 single fares instead of 60. It is not proposed to extend the special concession admissible to students under which they can buy monthly tickets at a flat rate of Rs. 10 to any other class of passengers.

ABOLITION OF SEAT RESERVATIONS IN SECOND CLASS COMPARTMENTS

*75. **Shrimati Dakshayani Velayudhan:** Will the Honourable Minister of Railways be pleased to state why reservation of seats in the second class compartments in trains was abolished?

The Honourable Shri K. Santhanam: From 1st January, 1949 the old second class compartments have ceased to exist. Seats are, however, reserved in the new Class II compartments which are comparable to the old Inter Class compartments. Arrangements for reserving sleeping accommodation in Class II compartments for long distance passengers are also being made.

RECOVERY OF ABDUCTED WOMEN IN EAST AND WEST PUNJAB

*76. **Shri M. Ananthasayanam Ayyangar:** (a) Will the Honourable Minister of Transport be pleased to state what progress has been made in the recovery of abducted women and children in the two Punjabs?

(b) What is the exact number of women and children recovered so far in East Punjab, the East Punjab States and in West Punjab?

(c) What is the total number of abductions so far reported?

The Honourable Shri N. Gopalaswami Ayyangar: (a) Recovery of abducted women and children made particularly satisfactory progress in the two Punjabs, till about July, 1948. When the activities began to flag, about this time, a revision of the procedure was considered necessary and a new agreement was arrived at between the two Dominions, towards the close of the year. The new scheme, under which each Dominion has undertaken to effect recoveries within its territory is now being implemented.

(b) The number of women and children recovered upto 31st December, 1948 is:

East Punjab—6,927

East Punjab States—2,677.

West Punjab—4,696

(c) 11,774 cases of abduction from West Punjab have been registered, including 6,600 still to be recovered. These figures are incomplete. The number of cases of abduction from East Punjab registered by Pakistan are not known.

Women and Children abducted from Jammu and Kashmir

*77. **Shri M. Ananthasayanam Ayyangar:** (a) Will the Honourable Minister of Transport be pleased to state what is the reported number of women and children abducted from the Jammu and Kashmir State?

(b) What is the number of such women and children recovered from the N.W.F.P., West Punjab, West Punjab States, East Punjab and the East Punjab States?

The Honourable Shri N. Gopalaswami Ayyangar: (a) It has not been possible to collect any statistics regarding women and children abducted from Jammu and Kashmir State, mainly because of continued hostilities in these territories, which terminated only with the cease fire on 1st January, 1949.

(b) The number of such women and children recovered from North West Frontier Province is 6, from West Punjab 174 and West Punjab States *nil*, from East Punjab 634 and East Punjab States *nil*.

Implementation of Cloth Control Scheme

*78. **Shri M. Ananthasayanam Ayyangar:** (a) Will the Honourable Minister of Industry and Supply be pleased to state what steps have so far been taken to implement the Cloth Control Scheme?

(b) Has cloth control been started anywhere so far?

(c) When will an overall cloth control be enforced in India?

(d) What will it cost the Government of India and the various Provincial Governments to implement the policy of cloth control?

The Honourable Dr. Syama Prasad Mookerjee: (a) The whole of the cloth and the yarn produced by the Mills is distributed to the provinces and the States through the nominees of the provincial and the State Governments. Subsequent distribution to consumers through wholesalers and retailers takes place under the control of the provincial or the State Government concerned.

Quotas for each province and State have been fixed by the Central Government

Ex-Mill prices have been fixed by the Central Government. Retail prices are fixed by the provincial and State Governments subject to a maximum of 20 per cent. over the ex-Mill price fixed by the Central Government.

The production of the Mills as regards qualities and varieties has been placed under certain measures of control. Other measures of production control have been examined by an Expert Committee and their report is now under consideration.

(b) to (d). The policy of control has been implemented both by the Government of India and by all the provincial Governments, and the production, supply, movement, distribution and price of cloth are under control every where in India. The costs of control to the Central Government in the year 1948-49 would be of the order of Rupees Forty-two lakhs. I have no information as to what the provinces are spending on cloth control.

AGREEMENT BETWEEN GOVERNMENT AND PRESIDENT OF FEDERATION OF RAILWAY EMPLOYEES

*79. **Shri M. Ananthasayanam Ayyangar:** (a) Will the Honourable Minister of Railways be pleased to state if any settlement has been arrived at between Government and Mr. Jai Prakash Narain, the President of the Federation of Railway Employees?

(b) If so, what are the terms of the settlement?

(c) Do Government propose to clarify their policy regarding strikes and lockouts in essential services?

The Honourable Shri K. Santhanam: (a) No. Discussions have been held on some matters under dispute.

(b) Does not arise.

(c) The policy of the Government of India is embodied in the laws in force. Labour Ministry are contemplating the amendment of laws ralating to Trade Union and Industrial Disputes. The Government are naturally opposed to strikes and lookouts.

EXPENDITURE ON DISPOSALS DEPARTMENT

*80. **Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Industry and Supply be pleased to state the approximate value of goods still awaiting disposal?

(b) What was the monthly expenditure incurred on the Disposals Department in the year 1948?

(c) Is it contemplated to wind up this department? If so, by what date?

The Honourable Dr. Syama Prasad Mookerjee: (a) The book value of declared surplus stores undisposed of at the end of December, 1948 was Rs. 14,131·67 lakhs. In addition to this, there were 1,13,190·9 tons of Military Salvage and process scrap for disposal.

(b) The average monthly expenditure incurred on Disposals Organisation during 1948 is Rs. 7,07,270.

(c) There is still a large volume of stores to be disposed of. The Disposals Organisation can not obviously be wound up till the bulk of the stores has been disposed of. At the moment the disposal of certain stores was under an embargo pending an examination of the requirements of the ministries of Defence and of Relief and Rehabilitation. If the embargoes are lifted, about 75 per cent. of the stores can probably be disposed of in a year.

NEW CLASSIFICATION OF RAILWAY COMPARTMENTS

*81. **Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Railways be pleased to state on whose recommendations the new classification on railways was brought about?

(b) Were the financial results of the new classification on Railways worked out and if so, what was the anticipated increase in revenue, if any?

(c) What were the objects in the abolition of old classification and initiating the new one?

(d) Are arrangements for making sleeping accommodation available to Class II passengers contemplated?

(e) If so, when will such arrangements be given effect to?

The Honourable Shri K. Santhanam: (a) The existence of two upper classes both providing similar accommodation was criticised even in the pre-war years and the Wedgewood Committee which reported in 1937 endorsed the criticism. The outbreak of the war and the consequent increase in all classes of traffic, especially military traffic, made it desirable to postpone the consideration of this question. In 1944 the Railway Board took it up in relation to post-war reconstruction and asked the Railway Administrations to elicit public opinion regarding the proposal to eliminate one of the upper classes. The Central Advisory Council discussed the matter in November, 1944 and the majority were in favour of the proposal. In 1945 the Railway Board decided that all reconstruction schemes for the post-war period should be based on the retention of only three classes besides the air-conditioned coaches for certain important trains. On some branch lines it was proposed to provide only two classes. This decision was approved by the Central Advisory Council in April, 1945. During the budget discussions in February, 1948 the question was raised and the Railway Ministry was criticised for delay in effecting the change. The Honourable Dr. John Matthai, then Minister of Railways, stated that the principle had been accepted and arrangements were being made to implement it. The question was again considered by the Central Advisory Council for Railways on 10th April, 1948 when the new classification was finally approved.

(b) and (c). **Yes.** No increase in revenue was aimed at by this change. The elimination of one of the upper classes is expected to reduce wastage of accommodation and simplify railway administration in many ways.

(d) and (e). The provision of sleeping accommodation in Class II compartments is already being made at the principal terminal stations and Railways have been instructed to keep the position constantly under review and extend this facility to the maximum extent possible in the light of experience gained.

DELHI TRANSPORT SERVICE

*82. **Srijut Rohini Kumar Chaudhuri:** Will the Honourable Minister of Transport be pleased to state:

(a) whether the Delhi Transport Service is purely a State concern and if not, who the other parties are and what their interest in the concern is;

(b) whether any compensation has been paid to the former bus-permit holders whose permits have been cancelled or not renewed and if so, on what basis such compensation has been paid; and

(c) whether the Delhi Transport Service has entirely replaced the G.N.I.T. Service and if so, from what date?

The Honourable Shri K. Santhanam: (a) The Delhi Transport Service is at present purely a State concern.

(b) The only bus permit holders replaced by the D.T.S. were the G.N.I.T. Co., Ltd., New Delhi, to whom compensation has been paid in accordance with an agreement reached between the Company and the Government.

(c) The Delhi Transport Service has taken over all the transport services previously operated by the G.N.I.T. Co., Ltd., New Delhi, with effect from the 14th May, 1948

CALCUTTA-GAUHATI AIR SERVICE OVER PAKISTAN TERRITORY

*83. **Srijut Rohini Kumar Chaudhuri:** (a) Will the Honourable Minister of Communication be pleased to state whether aeroplanes carrying daily mails and passengers from Calcutta to Gauhati are allowed to fly over Pakistan territory?

(b) If so, from what date was such permission given?

(c) If such flight is not allowed, do Government propose to try to obtain necessary permission from the Government of Pakistan?

(d) By what route are ordinary letters, parcels and money orders, for which no air surcharge is paid, carried from Calcutta to Gauhati and what time is taken by a letter posted in Calcutta to reach Gauhati?

Shri Khurshed Lal (Deputy Minister for Communications): (a) to (c). The air service carrying mails and passengers from Calcutta to Gauhati operates *via* Baghdogra and as such does not fly over Pakistan territory. The question of obtaining permission from the Government of Pakistan for flight over Pakistan territory does not, therefore, arise.

(d) The surface route for letters, money orders and parcels from Calcutta to Gauhati is *via* Sahibganj, Maniharighat, Kisbenganj, Siliguri and Cooch Behar. A letter sent by this route would reach Gauhati on the 4th day.

CROP FAILURE IN CERTAIN AREAS OF C. P. AND BERAR

*84. **Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Food be pleased to state whether Government have received any report about the widespread failure of crops in the Marathi speaking areas of the Central Provinces and Berar?

(b) Was any surplus grain expected this year from that area?

(c) Have Government any information as to whether the crop failure is likely to result in the area being deficit in foodgrains?

The Honourable Shri Jairamdas Doulatram: (a) Yes; Government have received reports about the extensive damage to crops in the Marathi speaking areas of the Central Provinces and Berar.

(b) Yes, before the crops were damaged.

(c) Yes.

UNSTARRED QUESTION AND ANSWER

DETENTION OF RAILWAY VANS CARRYING INSURED ARTICLES IN PAKISTAN

1. **Shri Lakshminarayan Sahu:** (a) Will the Honourable Minister of Communications be pleased to state whether it is a fact that the Railway vans carrying insured parcels, letters, etc., which are sent to Western Pakistan from India are detained at Lahore after delivery of the said articles and the persons in charge of the articles are told to go back to India without the vans?

(b) If so, how many times have such incidents occurred?

(c) In how many cases, insured articles carried under the charge of men appointed by the Government of India in Pakistan territory have been found missing and how many cases of missing insured articles are pending?

(d) What steps have Government taken to prevent such loss of wagons and insured articles in future?

Shri Khurshed Lal (Deputy Minister for Communications): (a) No such case has come to Government's notice.

(b) Does not arise.

(c) So far only one case in which 8 insured articles were found missing from a bag closed by the Pakistan Post Office and which travelled in charge of men appointed by Government of India, has been reported. Enquiries are still in progress.

(d) Instructions have been issued to ensure strict supervision over the work of the R.M.S. Section working between Amritsar and Lahore.

Wednesday
2nd February, 1949

THE CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART II —PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS)

Official Report

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OF THE

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1949

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CONSTITUENT ASSEMBLY OF INDIA LEGISLATIVE DEBATES

(PART II—PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS.)

Wednesday, 2nd February, 1949.

11-45 A.M.

The Assembly met in the Assembly Chamber of the Council House at a Quarter to Eleven of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

QUESTIONS AND ANSWERS

(See Part I)

11-45 A.M.

STATEMENT ON DISTURBANCES IN DURBAN, SOUTH AFRICA.

The Honourable Shri Jawaharlal Nehru (Leader of the House, Prime Minister and Minister for External Affairs and Commonwealth Relations): With the permission of the Chair, I should like to make a brief statement on the recent racial riots in Durban in South Africa. Honourable Members must have read the reports in newspapers of these tragic happenings. They must also have seen the two Press notes which Government have issued on the subject. I am placing copies of these notes on the table of the House.

The Prime Minister of the Union of South Africa has stated that the casualties were as follows:

Indians killed 53 and injured 768. Africans killed 88 and injured 1,085. Europeans killed 1 and injured 30.

The Secretary to the High Commissioner for India in the Union of South Africa who was at Cape Town at the time, went immediately to Durban on learning of the disturbances which were in fact continuing when he arrived there. He made some inquiry then and later returned to Cape Town. He paid a second visit to Durban from January 25th to 31st and visited most of the affected areas and refugee camps and had discussions with leaders of the Natal Indian Congress and the Natal Indian Organisation at Durban and Maritzburg, and also with the Natal Administrator, the Mayor of Durban and other officials and non-officials.

He has reported to us that there has been a considerable destruction of dwelling houses and shops owned by Indians. About 250 dwelling houses and 58 shops have been destroyed and according to a conservative estimate the damage to property is £ 300,000.

At one time about twenty thousand Indians were in refugee camps. The position on the 31st January was as follows:

About 300 Indian families numbering two thousand persons, whose homes were burnt down, are collected at seven Indian Schools which have been recognised as camps by the authorities. Reopening of these schools has been postponed by one week to February seventh and meanwhile other suitable temporary shelter is being sought as it will take some time to find permanent accommodation for them. Food is being supplied through the Municipal City store and camps are run efficiently with Indian Volunteer committees. Others have returned to what remains of their original homes. These consist of about 2,000 families numbering 15,000 persons. Besides these, 1,000 persons are

[Shri Jawaharlal Nehru]

sheltering in a former Cattle Shed at Cato Manor Sub-division. Indian volunteers are supplying food to these people pending their gradual return to homes. For those who have returned to their homes the authorities are considering the issue of kitchen equipment and mattress, as homes are only empty shells having been completely looted. Assistance with rations is being supplied by Indian voluntary efforts.

Although there is still tension, shops have opened again and Durban life is returning to normal.

The official Natal Relief Fund has so far received £ 14,000, mostly from Indian donations. This Fund has no Indian or African representative. Two committees have been formed to deal with the homeless and those whose homes were looted but not burnt. These committees have representatives of the Natal Indian Congress and Organisation. So far as the relief of Africans is concerned, this is the responsibility of the Native Affairs Department of the Municipality. About 1,200 Africans have also left their homes situated in certain areas.

The Government of the Union of South Africa has appointed an Inquiry Commission consisting of three persons, namely Mr. Justice F. P. Van Heever, Judge of Appeal Court, as Chairman and Mr. Ryle Masson, Chief Magistrate of Johannesburg and Mr. H. F. W. Schultz, Chief Magistrate of Durban, as Members. This Commission is expected to start work soon. The exact terms of reference have not yet been announced.

The Government of India are seriously exercised at this sudden deterioration in the relations between Indians and Africans in South Africa. It is obvious that so violent a rupture of peaceful relations could not have taken place because of a stray incident and there must have been other causes. As, however, the Commission of Inquiry appointed by the Union Government is expected to investigate the cause and course of the riots, Government prefer to withhold any comment on the origin and course of the disturbances.

In a message to the Prime Minister of the Union of South Africa, I expressed the hope that not only will the Commission of Inquiry ascertain the basic causes of the riots, but that steps will also be taken by the Union Government to prevent a repetition of such incidents in future. I added that we are instructing the Secretary to the Indian High Commissioner in South Africa to do whatever he can in promoting good relations between the Indians and other sections of the population in South Africa. To this message I have had a reply from Dr. Malan saying that he has noted our request to Mr. Chari and is placing at his disposal all available information.

The Government of India's policy, not only in South Africa but all over the Continent of Africa, has been to promote close friendship and co-operation between Indians and Africans. While earnestly desiring the security and wellbeing of Indians abroad, Government do not look with sympathy on the establishment of any vested interests which may retard the advancement of the African people in their own homelands. This view has been frequently communicated to our representatives in the Continent of Africa.

Government have placed Rs. 50,000 at the disposal of the Secretary to India's High Commissioner in South Africa for use of relief at his discretion, and further sums will be placed at his disposal as required. It has been

made clear that relief should be given to all those who stand in need of it and should not be confined to the relief of any particular community.

PRESS NOTE

DATED 18TH JANUARY 1949

News of the rioting in Durban in South Africa with its loss of life and extensive damage to property has been received by the Government of India with great concern and has created deep anxiety throughout India. The Secretary to India's High Commissioner in South Africa has been instructed to visit Durban immediately and to submit a full report. It is clear that these happenings are of the gravest character and a heavy responsibility lies on those who are responsible for maintaining peace and order. The Government of India wish to assure Indians in South Africa that they are deeply concerned at this tragic development and will do all in their power to help them.

DATED 23RD JANUARY 1949.

In a recent press note the Government of India expressed their grave concern at the tragic happenings in Durban and its neighbourhood in South Africa. It is clear that without some basic causes such serious roiting could NOT have started and spread in such a short time. Various allegations have been made as to the causes and the course of the riots, but as the Union Government are appointing a Commission of Enquiry to investigate these, the Government of India withhold their opinion at this stage. Government regret, however, the serious deterioration of relations between the Indians and the Africans in South Africa. Government's policy has been and is to promote good relations between Indians and Africans NOT only in South Africa but all over the continent of Africa and they do NOT wish that any vested interests should come in the way of the advancement of the African people in their own homelands. The immediate task is the restoration of relations of mutual confidence and friendship between the two communities and the organisation of adequate relief to victims of the riots. The Government of India have placed a sum of Rs. 50,000 at the disposal of the Secretary to the High Commissioner for relief and have instructed him to co-operate with all others who may be engaged in this task. Further sums will be placed at his disposal as they are required.

Shri H. V. Kamath (C.P. and Berar: General): May I ask a question?

Mr. Speaker: No questions on the statement can be put now.

Shri H. V. Kamath: But yesterday questions were asked of the Honourable the Finance Minister after he had made a statement.

Mr. Speaker: Yesterday, instead of replying to certain questions put to him, the Honourable Minister said he would reply by way of explanatory statement.

INDIAN TARIFF (SECOND AMENDMENT) BILL

Mr. Speaker: The House will now proceed with the further consideration of the motion that the Bill further to amend the Indian Tariff Act, 1934 be taken into consideration.

Shri T. T. Krishnamachari (Madras: General): Mr. Speaker, before the House arose yesterday I was drawing the attention of the House to the fact that in judging this measure before the House we should seek to free ourselves from the hang-over of the past.

If I am permitted, I would like to deal with some of the provisions of the Havana Agreement as a sequel to which this measure has been brought before the House. The House will recollect that during the war, notwithstanding the fact that the then Government had perpetrated many deeds which put this country into difficulties, they sought to steer clear of one particular pitfall, namely, they refused to become parties to the Lease Lend Agreement of the United States of America, which also meant subscribing to Article 7 of that Agreement. Article 7 of the Lease Lend Agreement is really the provocation for the Geneva and the Havana Conferences, because by reason of that Agreement, the United Kingdom and other countries who were the beneficiaries under that Agreement had to take steps to bring down the barriers that tariffs imposed by them on multi-lateral trade. It must be said to the credit

[Shri T. T. Krishnamachari]

of the then Government in India that they scrupulously avoided all indications of any participation in that Agreement, and although we were actually the beneficiaries under the lease-lend scheme and also contributed reciprocal aid to U.S.A. there was not even any exchange of notes which committed us in any manner. The House will understand that if the Government of India participated in the Geneva and Havana Conferences, they did so as free agents and not compelled by the force of circumstances resulting from any prior agreement that their predecessors were parties to. That makes our position in judging the agreement a little more easy than it would otherwise have been.

Another factor which I would like this House to note before either accepting or rejecting the agreement is that the object of the Havana Conference and its predecessor at Geneva was not merely to make multilateral trading activity easier but also to aim at a higher level of employment in the various participating countries as well as a higher level of economic status for the people of the participating countries. That has certainly put India in a better position in these conferences than it would otherwise be, for the reason that though we are not a manufacturing country—we are not a country which has really flourished in the past to any material extent under a barrier of tariffs—we are still a backward country and as such can take advantage of all the exceptions that have been provided in this particular charter.

Sir, the basis of the agreement is what is called the most-favoured nation treatment clause, which has a very long history in commercial treaties. Actually I understand that the first time when this type of clause was mentioned was in commercial treaties between the Mediterranean cities in the 12th or 13th Century and the Arab Princes of North Africa, with whom those City States were in trading relationship. Since then the connotation of this clause has fluctuated considerably and its introduction in this particular agreement makes it extremely wide rather than limited, for the most-favoured nation treatment is going to be extended to 35 nations and one can very well understand that it has to be watered down to a very considerable extent when applied so to say in the mass. If it also means that when other countries come into the agreement later on by whatever manner that has been permitted to them, the connotation of the clause will, to that extent, also become more general and the effect of it would no longer be a particularly special relationship as between one country and another but one that has a more or less generalised significance.

My honourable friend Mr. Neogy very rightly pointed out that not merely existing conditions as between India and other countries have been safeguarded but we have also been safeguarded in regard to the special relationship that subsists between Pakistan and ourselves, though such special exceptions are more or less of a universal character, because there are similar exceptions in the Charter in regard to the United States and other countries as well. But Sir, I would like to point out one particular aspect of this charter to my friends who now feel that Imperial Preference is a thing which should be done away with as quickly as possible. Actually this Charter indirectly limits the extent of the preference that we are giving.....

Shri B. Das (Orissa: General): The charter of Imperial Preference continues.

Shri T. T. Krishnamachari: I do not know what my friend means. However, it is not very pertinent to what I have to say. The Bill before the House is the result of an agreement which is more or less covered by the Charter and therefore my reference to the Charter is perfectly right. What

I was proceeding to say was this. In effect the quantum of imperial preference that has been conceded is being reduced as a result of this agreement. For one thing we cannot give any new preferences. Secondly, by the various adjustments there has been a substantial reduction in the quantum of preference that has been given in the past. An examination will reveal that the objective that we have in view, *viz.*, doing away with Imperial Preference at some stage or other, has been begun and that one particular stage in this process has been reached if we agree to the motion before the House.

My honourable friend Mr. Neogy quite correctly pointed out that we have some kind of freedom so far as internal taxation is concerned and the only thing is that if we raise the internal taxes then we can also pro *rata* raise our duties. But there has been, I believe, some kind of discussion on this particular aspect in a negotiation between this country and Pakistan recently, namely how far this international agreement and the fact of our being signatories to it and Pakistan also being signatories likewise to it would entitle the latter to ask for a refund of internal taxation that has been levied on goods the exchange of which form part of the agreement between Pakistan and India. I do not know what ultimately would happen but it seems to me that even there we have a perfect right to deny the privileges claimed unless we feel inclined to grant them to any country which wants the benefit of exemption from the scope of the levy of internal taxation so far as the goods exported to that country are concerned.

The crux of the point is really this: that though actually there has been reduction in the matter of duty in certain respects (5 per cent. in most cases and 10 per cent. in a few) this reduction is coming on the top of what we might well consider a period during which our import duties have reached the peak. I do not think it is going to be possible for this country or for that matter for any other country, with deflationary conditions in the offing, with consumption propensity definitely dropping, as we see even now (though it may seem a paradox that propensity to consume should drop at a time when the country is still in the full grip of inflation) to raise to any appreciable extent our import duties; it is a fact that the duties that have been imposed by this country have more or less reached the peak and there will be no justification for a general increase in duties without adequate and careful examination.

12 Noon

Therefore any small reduction of five or ten per cent. in the standard rate of duty will not affect the revenue position very much and we are not really giving away a great deal by way of concessions. But that is not all. The real point is that the balance of payment position of this country being extremely nebulous, with our being so short of dollars and foreign currency, we are permitted to so arrange our foreign trade in such a manner that some kind of control or some kind of shutting out of goods becomes inevitable. This is true of most countries. It can be said therefore, without fear of contradiction that if this agreement should rise to its full stature it must take many many more years before the various countries can adjust themselves and shape their economy to suit the terms of this agreement. For the time being, not only India but many other countries besides must take advantage of these exceptions and continue the existing state of things in the matter of tariffs or other restrictions and perhaps impose certain additional duties without seriously, infringing any provisions of this Charter.

There is one point on which I think there may be room for some amount of criticism and that is with regard to our ability to impose Quantitative Restrictions on the goods that come into this country. It may be that we will not do it *ad hoc* straightaway without any particular reference to what has

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been happening in the past. But it must also be conceded that it is a wholesome principle if it is accepted by other countries in the world as well that they will not use quantitative limitation on import of goods or export of goods without any reference to the country's economy as a whole, a type of restriction which will inevitably tend to favouring certain local interests to the detriment of the interests of the large mass of people. My own view has been that we should not allow our import restrictions or the granting of import licences to operate as a sort of protective wall, which might be done for a time but not for all time. So long as we have a body for examining whether a particular industry deserves protection or not, we should allow that body to decide the matter rather than use any indirect method of giving protection to the more clamorous amongst our industries. Therefore any universal application of a ban against quantitative limitation of goods coming in will have to be welcomed but even here I think the interim or special conditions that exist in this country will according to the Havana Charter allow some kind of limitation so long as there is no undue discrimination.

I now come to the end of my remarks on the motion before the House but I would like to say before closing that this agreement imposes one very great responsibility on this government. I do feel grateful to the Honourable the Mover of the Bill who has accepted openly the imperfect state of our statistics. The operation of this agreement either adversely or to our benefit will largely depend upon how we are able to watch the trends of trade as and when they develop and for this purpose I think we have got a governmental organisation here which is singularly inadequate. It must also be said that even private trading in the country is so ill developed that we can hardly get any statistics from private importers or exporters. People are only interested in getting goods and in selling them for profit, and there is no idea even in big firms of organising the business in a proper way and maintaining some figures about their transactions also of fitting into the general scheme of imports and exports in the country. The Government will do well to set up an example and build up a strong statistical organisation. There is no use the Government thinking of exhuming somebody who has been noted to have some kind of proclivities in making up some kind of statistics in the past or who has been a pioneer in the field. The effort of decrepit out of date people will not help this Government to build up a decent statistical organisation. I would like to make this clear that the ill effects of any such Agreement on this country will result in our inability to size up the movement of goods into the country and out of it all the time and to take remedial action when necessary because of the want of adequate statistical information. Actually this Agreement provides enough room for backward countries like ourselves to seek protection of the organisation, should it be necessary. But that may not come for some time to come. At the same time we have to be alert. The main obligation on the Government by accepting an Agreement of this sort and placing it on the statute book by means of this legislation is that they should build up a strong statistical organisation that will keep track of all trade movements both to and fro. That mainly is what I wanted to say. I would also like to assure my honourable friends in the House not to entertain any serious doubts about this particular measure: there is nothing very seriously wrong about it and it can be given a trial. There is always the saving clause—the clause which has been altered in the Havana conference—that enables us, by giving six months notice and to get out of the whole business, should it operate adversely on us. But I do not think, with all the exemptions that have been allowed for backward countries with all the facilities provided for maintaining existing trade relationship for the maintenance of existing agreements and for making such adjustment as are necessary to meet the overall

factor of the balance of payments, that we would be unduly oppressed by being parties to the Agreement. It might only result in some good. No harm will result out of this if the Government is sufficiently watchful and if they have an organisation to watch the working of the Agreement. Sir, I support the motion before the House.

Shri R. K. Sidhva (C.P. and Berar: General): Sir, under article 17 of the Havana Charter of the I.T.O. it is stated that Tariff duties should be on a reciprocal basis. I share that view, but I do not agree with my friend Mr. Krishnamachari that the loss in revenue by means of import duty on account of the concessions granted by us would be negligible. He is not in a position to give the figures; nor am I in a position to do so. But yesterday I had requested the Honourable Mover to let me know to what extent our revenue would suffer in the import duty by such concessions. We have undoubtedly given concessions as shown on page 5 of this Memorandum of General Agreement on Tariffs and Trade. It says that the concessions received by India in 1945-46 were Rs. 66,39,000 and odd whereas the concessions given by India were Rs. 32,43,000. Comparatively it certainly looks as if we are in a favourable position. But the point is how much we have lost in our revenue. That is a pertinent point which has to be considered but which in the whole report of 50 pages is not forthcoming. I would have preferred the Government to have given us some idea of this matter. It is stated that for our export trade we ought to give better concession as we are industrially very backward. I accept that proposition, but there are certain articles of export in respect of which foreign countries cannot do without importing those articles from India. Take mica, jute, chilly or spices. These are essential articles which, even if we do not make some concession in the duties, foreign countries which are industrially advanced have to import from this country. Having made concessions in the export to these countries I do not know whether we have in any way increased our export trade. If we go into the statistics of import and export and customs revenue it will be found that for the last nearly three decades the export of the articles which I have mentioned has always been on the increase even without this kind of concession being given. Because we want to increase our export trade, which I do admit we should for balancing our trade, we must not forget that there are certain articles in respect of which the foreign countries have to depend upon imports from India. So much Indian piecegoods have gone to Australia; 64 per cent. of cotton piecegoods has been exported to Australia, apart from certain quantity having gone to Africa. Africa I am not mentioning because it is not in the picture. I do not know what the Honourable Minister has to state on this point whether it was considered during the discussions at Geneva or at Havana where the Agreement was signed.

There is another factor. Import duties have been reduced, and my honourable friend Mr. Krishnamachari said that they have been reduced by 5 per cent., and sometimes by 10 per cent. But it is a high figure if you take the figures. For instance, in respect of Ham and Bacon a very large quantity of which comes from the Netherlands, the duty had been 80 per cent. *ad valorem*, and now it has been reduced to 25 per cent. In regard to Ham and Bacon, surely if it has to come it has to come, and it comes. There was no justification for the loss of revenue by decreasing the customs duty on such articles. If you take Butter, *Ghee* and Cheese these are imported in very large quantities. At the same time you know that butter is manufactured in India to a very large extent. On that also variation has been made and the duty has been reduced from 25 per cent. to 20 per cent. My point was this, namely, that I do not know whether our industry has been taken into consideration while we are giving concession for foreign trade.

[Shri R. K. Sidhva]

There is a big market for provisions in India—vegetables, fruits. Fruits are actually tinned now in India. In Simla there is a large factory, so also in Bombay and in Calcutta, for canned foods. The quantity of these articles which are being imported is being reduced on account of our own manufacture. And on that article I find a reduction of 5 per cent. duty. I would like to know whether Government have taken into consideration whether our industry would be affected by this preferential treatment.

If you refer to page 7 of the Bill, there is item No. 22 "Wines". At present the revenue duty on wines which contain a particular percentage of alcohol is Rs. 10/11 per gallon and on other sorts of wines Rs. 11. We have agreed to reduce this to Rs. 16/8 against Rs. 19/11 and Rs. 9/8 against Rs. 11/4. I do not know on this question of wines whether we have a policy. Yesterday there were questions whether Government would consider levying a larger import duty so that we may avoid even importing of wines in large quantities. Today we find a concession has been given by way of decrease of the import duty. I do not know how on this matter our Minister has yielded. We should have stated strongly, on the contrary, that we want to impose a higher duty in order to do away with this obnoxious drink. We should have stated that we would levy 25 per cent. duty more rather than reduce it by 25 per cent. I do not know what will be the total amount of revenue that we would be losing by this concession. I am not mentioning many other such spirits. There are a large number of items under this "Wine"—spirits which contain alcohol— and we have given concession in respect of all of them. I want to draw the attention of the Honourable Minister to the fact that if this agreement is a settled fact he must bear in mind that as he stated yesterday, within sixty days we should give notice on this matter and re-open the agreement in its own terms, and not necessarily wait till the 1951 period, which is supposed to be the termination of the agreement.

Then, Sir, I find that even in respect of cod liver oil which is now manufactured in India—there are many factories—concession has been given. I could point out a series of articles here in which we have made very fine concessions, but I do not know how India has benefited from them. I want to know from the Honourable Minister whether he is going to prove that in regard to jute, mica, spices, groundnut, seeds, ginger and other articles there has been an increase in exportation as compared with other goods between now and the time before the agreement came into force. We must have some statistics.

France has had a concession of Rs. 84.50 lakhs, again on the question of spirit which is consumed in the manufacture of perfumery. In respect of perfumery and toilet requisites which come from France we have given a very good concession. But as you know, toilet requisites and perfumery are being manufactured in this country on a large scale, and if facilities were provided to this industry, automatically their import would stop. There are first-class factories today which can compete with any kind of soap or toilet requisite which is being imported and compete with France which is known for the best perfumery in the whole world. If facilities were forthcoming, that would be possible; on the contrary, concessions have been given for their import, with the result that I do not know how far the soap and toilet industry would be affected.

Again, Sir, I find from this report that we have given a preferential rate of duty to articles manufactured in U.K. and British Colonies. I have not been able to find any information in this Agreement as far as import and

export to and from the United Kingdom is concerned. Probably there is a separate agreement covering that, but I want to know the reasons why this preferential duty is given to U.K. and British Colonies. I find on several articles the duty has been reduced, the percentage varying from 10 to 15. What are the reciprocal advantages that India has gained? As we know, the preference that was given was the subject matter of great criticism. I am referring to the very well known Ottawa Agreement. I want to know whether that continues still, and if it continues, what are the reasons for its continuance. The House would like to be enlightened on this matter.

Then, there is a duty of ten per cent. less on ribbons. I do not know what these "ribbons" are. If they are typewriter ribbons, then I might say that there are in Calcutta and Bombay factories manufacturing typewriter ribbons which are self-supporting. But if they are ribbons of haberdashery, for the wearing apparel, then I have nothing to say, although even these ribbons,—laces—are manufactured in Ludhiana in large quantities. The item merely says "ribbons" and ribbons are of many kinds. I would like to know whether it is really our own industry of type-writer ribbons and why he has given a concession of five per cent. on this duty.

The very report which I had mentioned about the advantages given to France says, "items on which concessions have been granted by direct negotiations with France are champagne and other wines, bitters, perfumed spirits, rum, chemical drugs and medicine....." so that except on chemical drugs and medicines the duties have been reduced. Thus on drugs and medicines which we wanted they have not allowed the duty to be reduced whereas the other articles which we do not want and which we want to prohibit, in respect of them the duty has been considerably reduced. I do not know whether the Honourable Minister has studied this report page by page. He was not in charge of this agreement when this delegation was led, so that I do not know if he has made an exhaustive study of this report before he made the exhaustive speech that he read. The House would like to be enlightened on the discrepancies that I have pointed out.

I would also submit that the Honourable Minister should give us an assurance that this kind of excuse at all times that the House cannot be consulted, that there is no time to take the House into confidence and so on will not be put forward. That kind of excuse will not stand good a moment any further. We are here responsible, as they are responsible. The Honourable Ministers have been telling us that we are part and parcel of the Government. If they really mean it they must consult us. But what happens is that they ask us to be responsible, and at the same time do not consult us. Of course when it suits them, they consult us. I feel that in this case when the agreement expires in December 1951, and before any new Agreement is negotiated, they should consult the House. If they had done so in this case, they would not have granted concessions in regard to some of the items mentioned by me. The Ministers are guided by Secretaries. They are not supposed to know everything. We are three hundred here holding a variety of views on all matters. If we had an opportunity we would have expressed our views on these matters. Though the Government accepts our views or not, we should have an opportunity to express them, before they decide one way or another. With these words, I support the motion, as I have no alternative.

Shri B. Das: I wish I was half as sanguine as my honourable friend Prof. Ranga and Shri T. T. Krishnamachari in support of this measure. I understand that Prof. Ranga had the advantage of being present at Geneva at an early atage of the negotiations for this Agreement. As for Mr. T. T. Krishnamachari he has developed an international mind and naturally he thinks from that angle. Sir, anything connected with the UNO or the United

[Shri B. Das]

Nations causes forebodings within me. I have come to that conclusion and I expect that the House too will sooner or later come to that same conclusion that the United Nations Organisation is a farce and no dignity, no honour and no status is to be associated with it. That Organisation has had very little say in larger issues and at an early stage of its existence it caught India in its net. India was represented at Havana and at Geneva. Before I accept my friend Mr. Krishnamachari's verdict in regard to the five per cent. reduction in certain items of revenue, I must know the repurcussions of this Agreement from my honourable friend the Finance Minister.

Sir, as a critic on public finance I have always wanted that the Government of India should derive much more revenue from spirits and wine and cigars and cigarettes. As pointed out by my honourable friend Mr. Sidhwa, it is most unfortunate that the duties on these items have been reduced. I am sorry that this little reserve pocket money in the hands of the Finance Minister has been taken away from him in the name of the UNO through this multilateral agreement. Not to touch cigars and cigarettes for revenue purposes was the policy of the old Imperialist masters of India before we attained Independence. That policy was intended to benefit the British manufacturers of those articles. Now, when we got freedom to examine this question, our delegates went to Havana and to Geneva and committed themselves to an agreement from which we cannot extricate ourselves. We have either to accept the whole agreement or not. I wish there were ways, as my friend Mr. Sidhwa suggested, of repudiating certain items in the agreement. Unfortunately there is no way to do that.

My honourable friend Shri T. T. Krishnamachari and Mr. Sidhwa both referred to Imperial preferences. To me it is an irony and a tragic fate that I should be discussing, even after achieving independence, multilateral trade agreements and the like as if we are still in bondage to the former British Empire. That British Empire is dead and yet, in the new draft agreement, we find preferences to British Colonies and the United Kingdom. I quite see that the Independence Act of 1947 authorises, in clause 22, that a trade agreement should be negotiated at an early stage. Why is it that my Government is silent over it? Why have they not yet begun the discussion of such a treaty? They take pity for them and do not discuss it. Thus you condemn us to the bondage of the United Kingdom and to Imperial preference. I hardly thought it likely that Imperial preference would again be mentioned in this House. Sir, to me there is no necessity of our entering into this multilateral trade agreement as we will soon see, when the Honourable the Finance Minister speaks now or on 28th of this month, that this multilateral trade agreement has ended disastrously to the poor finances of India.

Sir, I cannot think freely while my rupee is tied to the sterling at 18 pence. My Government have not seen fit to discuss the ratio question and I am tied down to the chariot-wheel of sterling, while I talk like a free man.

Another thing to which I should now refer is that the 600 million sterling debt due to India has been frozen by the United Kingdom. Call it what you like. How can I feel free when my 600 million sterling is in other hands and it is open to the free-booters, the looters—the Britishers to say that we cannot touch it. Sir, I read in the newspapers that a British Treasury Delegation is negotiating with our Finance Ministry over the sterling balance. I do not anticipate the results, but as long as the slave mentality persists, call it Commonwealth mentality or Dominion mentality—India will have no freedom of thought and India will not demand, even in her very bad financial condition, that this sum of 600 million sterling should be returned to us. Sir, with all these handicaps how can I have a multilateral trade agreement over which my friends Messrs. Krishnamachari and Ranga waxed eloquent?

I wish that the House does not pass this Bill. The passing of this bill envisages that upto December 1950 Imperial Preference in one name or other must continue. Is that the intention of the Congress? Is that the intention of every member of this House that upto December 1950 Imperial Preference cannot be terminated? Sir, questions have been asked many times about this. Our Cabinet and our Ministers have been silent all the time on that most demoralising issue—the Imperial Preference. England is dead. By that Imperial Preference it had been reducing us to slavery. I do hope my honourable friend Mr. K. C. Neogy than whom I recognize no better authority on the tariff policy of India and who denounced from this side of the House the Ottawa Trade Agreement in 1931 to make it clear as to what is the view of the Government of India on this question of Imperial Preference. The question of balancing budget does not occur when by this Trade Agreement you are giving away probably a crore or two. What will be the result of this, let the statisticians of the Finance Ministry say. Some people wax eloquent about our international position. We are exploited at every stage by every foreigner. I wish to know how our delegates—at that time there was no conception of Commonwealth relations or the new idea of Commonwealth that we are trying to envisage in our minds recently in the last couple of months—agreed to this. Did they envisage a pocket combined of Commonwealth nations within the bigger United Nations—a group trade agreement within this multilateral trade agreement whereby the Commonwealth Nations—barring of course South Africa, must enjoy special benefits—not so much for the benefit of India and not at all for the benefit of India but deliberately for the benefit of the British traders, merchants and capitalists that had built up the Commonwealth Empire or the former British Empire. That state of things is intolerable.

I do hope before other speakers rise, the Finance Minister will give us some idea as to the effect of this agreement. I am not happy as I have already said. I wish Government spokesmen should clearly state whether if the U.K. Trade Agreement is signed say by the middle of 1949, India can do away with the Imperial Preferences that colonial countries and the various Dominions of the former British Empire are enjoying at the cost of India.

Shri M. Ananthasayanam Ayyangar (Madras: General): While I agree that hitherto the two wars that waged and engulfed the whole world were wars on account of economic difficulties and economic rivalries, I am not very happy about the manner in which we have approached this problem. We must review the economic position of India after the 15th August 1947 when the partition of India took place. Before that it was in the interest of the British who were our rulers to continuously keep us as producers of raw materials for their industries abroad but after the partition even that privilege has disappeared. The monopolies we had in oilseeds, hides and skins, cotton to some extent, have practically disappeared because they have become the products of and continue to be the products of Pakistan—that portion which was an integral part of India. Jute is grown in East Bengal and cotton which we require—the long-staple cotton—was being produced in Punjab. Hides and Skins which we were exporting, skins to America and hides to European Continent, are to come from West Pakistan. Now therefore we have lost the whip hand and we have only the oilseeds and oil-seeds are being produced by large concerns and corporations in South Africa. Brazil has also entered the list of competitors and Argentine also. Thus our favourable balance of trade that we were enjoying for over 50 years before the war has dwindled and today with some of the most important countries our trade balance is adverse. In addition on account of seasonal conditions which have persisted to be adverse to us during the past five years, we have been put to the necessity of drawing

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up on our accumulated resources for purchase of essentials like foodgrains. We are spending about 150 and odd crores on that and so let us therefore study the situation closely. Are we in a position to have any monopoly in raw materials which we can produce and dictate terms to the rest of the world? Are we industrially advanced even to make this country self-sufficient, though we may not earn in a foreign export so that at least we may not be forced to the necessity of importing our requirements? Who are the people that can at least stop the drain of 150 and odd crores spent for food grains. There are our neighbours like Burma, Indonesia, Ceylon and the rest of those countries in the Pacific and we can easily sell our products from our mills and also from our handloom produots to tho West, the Mid-East and to Pakistan, Burma and other countries in the East. We have for instance entered into various arrangements with some parts of Asia to whom we can supply whatever wo can produce. But we have no capital goods and we have not started many industries. So we should first address ourselves to this question. I find, Sir, that none of these countries except Burma and Ceylon have entered as parties to this agreement. Australia cannot be considered as an Asiatic country. This is the reason why we attended the ECAFE meetings both at Ooty and Australia and there we found that the Western Countries on whom hitherto we were banking for support and particularly the U.S.A. and U.K. that when we were face to face, we found they expressed that we must produced a Marshall or Nehru plan to help India and Asia. Therefore it is useless to depend on foreign countries and America particularly to supply us any of these materials.

I have not much hope that even this International Bank proposal will help us to put us up industrially. They are all more anxious to develop our raw materials for the purpose of their exporting them to foreign countries, they are not anxious to advance us industrially. There does not appear to be any hope of our industrial advancement unless there is free flow of capital goods into our country. And so far as agriculture is concerned, we have not been able to make India self-sufficient even in the matter of cereals and foodgrains and cloth. Therefore, the prospect does not appear to be very cheerful. It is definitely gloomy. In these conditions, how far are any of these agreements going to be helpful to us? The object of the agreement, as it is stated in the Preamble, is to increase the wealth of tho countries, raising the standard of living, ensuring full employment, to have a steadily increasing volume of real income, development of full resources of the world, etc. Sir, these are closely allied to the International Trade Charter now in the course of formation. We have already got a draft of that Charter. It started from America saying that there should be freedom for all countries in the world to have access to raw produots. That was the first item. When it came to England, it said that in addition to that, there must be full employment to all persons within a State and we should not interfere with that aspect of any particular nation's life. But nowhere in the Charter, till to-day is it stated that capital goods as much as raw products should be available to all countries. Capital goods, at the present time, thanks to the researches that are being conducted, have become the monopoly of America, and to some extent, of England, after the fall of Germany and Japan. But there is no provision in the Charter that whichever country is undeveloped industrially, should get a free flow of capital goods. Just as the other countries which are industrially advanced are expected to have raw products from other countries.

This, Sir, is an ancillary agreement on the lines of the Ottawa Agreement. It is an enlarged Ottawa Agreement. The Ottawa Agreement was restricted

to countries within the British Commonwealth, but this one is a bigger Ottawa agreement, excluding the Asiatic countries, though it is a fact that Asiatic countries alone can supply us for a long time to come what we so badly want.

Now, if we have the monopoly in any particular product, then we need not bargain with any other country. But we have no monopoly. What can we export? We cannot export even jute, because jute you have to buy from Pakistan. All the rest you are sending to America and as there is nothing in a large quantity which you can send, therefore, you have an adverse trade balance. (*Prof. N. G. Ranga*: "What about tea?") You may know that Brazil is manufacturing tea and in course of time, we may have to drink our own tea, and we will have to drown ourselves in our tea. (*Prof. N.G. Ranga*: "What is your inference? Have we become bankrupt?") I only want you to recognise that we are bankrupt. I am not trying to create an alarm. Nor do I say that with so many millions of our population, with such a fertile land, and with so many large rivers, we cannot do anything. We have got everything in our land. But we have to develop them on the proper lines, and not rush to foreign countries for help. I do not believe we can get help from America or England for the industrialisation of our country immediately. The only way in which you can make our country self-sufficient in food and cloth is by cottage industries. If every one of us were to take to spinning, we would be able to clothe the rest of the world even. But we do not do that. Our mills will not produce what we want, they will not let others also to produce. We started as socialists and we have become (*Mr. Homi Modi*: "Capitalists.") There is no escaping from the fact that if you want to check communism in this country, you must take the wind from their sails. I would like to confine my friend Mr. Modi to this bench. He has grievously failed in the attempt to clothe the country. He wants to sit on the top of a hundred-storey building in America, leaving the country to desolation and pestilence.

Now, let us see what we are trying to get. We have come to the stage of getting even powdered milk. Can we not produce milk in our country? What are the concessions that we are getting? There are three classes of goods. Some of the articles have been freely allowed to come in. On another set at present the tax has not been increased. And for the third set, the present rates of tariff have been reduced and for a period of two years, they shall not be increased unless the other contracting party has violated the contract, in which case, it is open to this Government by notification to say that the other contracting party has broken this agreement, and therefore we will go back. These are the ways in which we are trying to placate the rest of the world for the purpose of rehabilitating ourselves.

What are the articles that we are to get? The present position is that we must export more and receive less. How far are we going to be helped by these concessions? Why should we have bacon and ham? We are trying to be absolutely non-violent in spirit. Vanilla beans, Cassia lignea—I don't know what it means—rosin. For these the duty has been reduced from 30 per cent. to 25 per cent. five per cent. is big enough for the foreign countries, but here in his magnanimity, my friend Mr. Krishnamachari has said that after all, it is only 5 per cent. Five pies to one who gets only ten pies is a very big sum, though five rupees to one who has five millions is nothing. The high contracting parties at Geneva found that five per cent. was big enough. After all it has to be judged in relation to something else, and I think the reduction from 30 to 25 per cent. is sufficiently big. But for what are we making this reduction? What do we get in return? We get condensed milk, bacon and ham. I can dispense with every one of them. And then

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why go in for fish oil and such things? We have deep sea fish in the Arabian set and also in the Bay of Bengal. (*Shri B. Das*: "The capitalists may use it to adulterate your ghee"). I have not come to the stage of having my ghee adulterated by fish oil. The thing has reached only the stage of adulteration by vegetable ghee or vegetable oil. But my friend Mr. Dass being a non-vegetarian, probably knows better.

Then we come to the other set—the spirits, rum, Acetic acid, Boric acid, asphalt, paint, solutions ribbon. I had no occasion to look into this before the Women's Conference at Gwalior, otherwise I would have requested them not to use a single ribbon that comes from a foreign country. (*Prof. N. G. Ranga*: "It is not that ribbon but typewriter ribbon.") Let it be even typewriter ribbon. I would appeal to the House to survey the position of England. The war did not devastate us so much as it did England or Germany. (*Shri R. K. Sidhva*: "Do you suggest a deputation?") I do not want any deputation. I only want a deputation to our own inner hearts, to our own minds and to our limbs. Let us not become absolutely pessimistic. Why should we rush to others from time to time, even for such things as can be grown or produced in our own country? Britain and other countries deny us even capital goods. We have agricultural goods enough, and I am not enamoured of these agreements. The agreements should be with Asiatic countries before we go to other countries. Yes, possibly, it may be typewriter ribbons. But, how long are you going to depend on them? Typewriter ribbons which I have been able to purchase in my part of the province fade almost every second day. I myself can produce similar fading typewriter ribbons.

Then let me come to the duties on fruit juices and squashes, tobacco unmanufactured, chemicals, drugs and medicines. I agree that by way of raising the revenue itself, indirect preference could be given so as to help those industries that are trying to keep on their legs. But they have allowed it only to fruit juice and squashes and such like things. After all our people have opened their eyes to these things. There is no increase in toilet requisites like talcum powder, soap and shaving cream. Why cannot we take steps to prevent the entry of at least 95 per cent. of these products? In England motor cars were more heavily taxed recently and the same is the case with articles for locomotion and traction, etc. Why should we not prevent toilets altogether? (*Mr. Homi Mody*: "Why not use chalk?" I can. I was wondering how this power is made from ordinary gravel with just an addition of sand. There are certain industries in my part of the province.

Shri B. L. Sondhi (East Punjab: General): What an industry.

Mr. Speaker: I think the honourable member will take some time more. So he can continue his speech after Lunch.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

Shri M. Ananthasayanam Ayyangar: Sir, when I was referring to the word ribbon I did not want to make an important matter of it. My honourable friend said that we are not able to manufacture ribbons in our country which are necessary for typewriters. The Honourable Member will kindly turn to page 17 item 49 (2), where ribbon is mentioned. Ribbon comes after textiles

and subsequently apparel, hosiery, haberdashery, millinery, etc. So this is that type of ribbon which is used for children's toilet. These may be essential materials with which to beautify people. Why are we trying to give some concession to this? However, I will not dilate upon these matters. I would rather put these concessions under three categories. Canned fish, canned meat, fish oils, wines and spirits, drugs, etc. go under one category. With respect to these not less than five per cent has been the reduction. My complaint is that these are not articles with respect to which any reduction ought to be shown. We must make ourselves self-sufficient in those articles and in respect to the other articles we should show concession. On the other hand, far from reducing they must have increased the duty upon those articles. Item 2 is jewellery, etc. Even with respect to them they need not have reduced the tariffs. So far as electric machinery is concerned I find that the tariff has been reduced from 60 to 50 per cent. We need electric bulbs which we are not able to manufacture sufficiently. Agricultural machinery is free and there is no alteration. The old 10 per cent. upon machinery other than agricultural machinery still continues. I would like that they should have made this agreement to be in force for a period of two years and during this period we might have allowed a lot of machinery to come in. I know that a number of applications were made by industrialists to import machinery without duty. An agreement could have been made in that direction. My complaint is that with respect to articles which we can manufacture here or are available we are reducing the tariff. With respect to articles which we want in this country such as plant and machinery we have not reduced the duty. With respect to some other articles which are shown in Schedule C to this Bill we have said that they are free. If you look at page 88 you will find articles like tallow, wool, raw and wool tops. Clause 5 says:

> "It is hereby declared that, until the 31st day of March 1951,
>
> (a) no duty shall be levied on the articles to which the first five items in Schedule C relate,....."

Why should we not impose duty on wool and wool tops; which we import from foreign countries. Wool is available in plenty in this country and in the absence of wool we have cotton. With respect to what we need let us get free. With respect to what the other countries need let us try to explore possibilities of sending them. The Honourable Minister should have satisfied us before he introduced the Bill or at least during the consideration stage told us what are the ways in which these concessions that we have granted will lead to the objectives of this agreement—the raising of the standard of life, ensuring full employment, steadily growing volume of revenue and effective income development, the full use of the articles of the world, extending the production and exchange of goods, developing to the full the resources of the country, etc. He must have said how all these objects are achieved by showing those concessions. What are the return concessions that we have got? Why should we allow free import of those articles which can be manufactured in plenty in this country and how are we going to be benefitted in the shape of a real increase of wealth. The Honourable Minister should have placed before us facts regarding the exports and imports hitherto, how the balance of trade would be affected and how it will be made more favourable. The Honourable Minister was also here at the time of Ottawa Agreement was placed before this House. There was a lively debate and I do not remember but I believe the agreement was ratified by one vote. During that period volumes of papers were circulated to members of the House showing how each item would increase or decrease our wealth and what are the corresponding benefits to the country and so on. Such materials have not been provided in the course of this debate.

[Shri M. Ananthasayanam Ayyangar]

It might be said that I am trying to destroy an edifice which has been built up with very great ability and skill by our officers who went to foreign countries. I will give a constructive suggestion. This is not one agreement but a bundle of agreements put together. All the nations were parties to the agreement. After a period we can revoke the agreement. I would urge on the Minister to have a Standing Committee of this House to watch the progress from time to time to find out how the agreement benefits us. I am aware that such a committee was appointed to find out if it is desirable for India to continue to be a member of the International Monetary Fund. Likewise there may be a standing committee to watch the working of this agreement to see how far these concessions that we have given are useful or beneficial and in what respect they require modification, sooner or later. That will certainly soften matters. Having entered into the agreement I am not suggesting that we ought not to accept the motion for consideration. I would have liked that this should have been sent to the Select Committee where greater attention could have possibly been paid to it. We could have sat together across the table and discussed it. There is no particular hurry to pass it during the course of this session. It is not as if on this day it lapses as any Ordinance. We have to ratify the Agreement. I do not know whether the other signatories to the Agreement have got it ratified by the various Assemblies. No such material has been placed before us. It is not as if all the other countries in the world have accepted the Agreement. Under the circumstances we could have spent some more time over this examining in what particulars the Agreement is not so useful to us and things like that. I give my general support to this with one suggestion that the occasion should be taken to bring into existence a Standing Committee to keep a watch over the working of these agreements with a direction to report to the Assembly at the end of every six months, so that the Assembly might give instructions or advise the Minister as to what action ought to be taken.

Prof. K. T. Shah (Bihar: General): Mr. Speaker, Sir, I had not much intention to intervene in this debate, but following the debate as it has proceeded so far, I find that there are certain misconceptions or misapprehensions prevailing in the House regarding the nature and consequences of this proposal, which I think ought to be carefully considered, and, if possible, dispelled. It is with that view in mind that I propose to offer a few remarks regarding the scope, nature and consequences of this Bill.

The statement of objects and reasons mentions the "barriers" to trade which brought about considerable international tension in the years between the two world wars, and which have led to the origin of this Bill and the Agreement on which this Bill is founded. I think there are two questions arising out of this Statement, which perhaps are not as fully grasped by the House as they ought to have been. In the first place, are all measures which a country adopts for protecting, safeguarding or developing its own industry, or, in the larger sense, its own national economy, to be regarded necessarily as "barriers"? I for one think that it is a misuse of the term, which perhaps the experience of small European nations in the last thirty years or so might justify, but which will not be fully justified when applied to a country of the size, population, and resources of India.

I have always held that the ideal of 'national self-sufficiency', if it at all can be attained by any country and that much more fully, advantageously and without harm to anybody, it can be attained in this country because of its area, its population and resources. I repeat this can be done advantageously to ourselves and without harm to any other people. In the second place, we should realize that those people who have originated, stimulated and advanced an Agreement of this kind, and roped us—if I may use that term without any offence—to accept this somewhat confused statement of objectives, have not

quite appreciated the true importance of trade in a country's economy *vis-a-vis* its larger, fuller economic development. Even granting that the measures that we take for the safeguarding of our industries and developing our all round economy, are so many "barriers", which I do not grant—but even assuming that —those who have led us into this Agreement, and sought to promote free flow of international trade, have misunderstood the importance of trade in a country's economy, like ours. Trade is of vital consideration to a country like England, which produces a good deal that it cannot consume itself, and which must import a good deal which it cannot produce itself. It is, therefore, of an importance to England which to a country that can meet all its requirements from its own resources as we can has not the same significance.

Take again the example of the United States. It is most vitally interested in foreign trade today, because the large amounts that it has invested abroad by way of loans require to be realized, both principal and interest. Anybody who is familiar with the economic history of the past thirty years or so, ever since the end of World War I, will realize that in this matter America has been on the horns of a dilemma ever since World War I. That is to say, if it were to allow free imports of goods from its debtor countries it would run the risk of jeopardizing its own industrial position, though by that means it may be able to obtain part, if not the whole, of the amount of the interest or principal which it has invested abroad. But it would then run the risk also of either weakening the standard of living for its large employed masses, or, alternatively, of jeopardizing the industrial success or position that it had obtained. And if it wants to maintain its high industrial level and standard of living, it cannot realise its investment abroad as free imports would not be permissible. Nevertheless America talks of freedom of Trade partly because it has no fear of effective competition from the War-wasted regions of Europe; and partly also because of its realisation that the bulk of its loans or investment cannot be increased. Under these circumstances, throughout the period between the end of World War I and the beginning of World War II, American policy was constantly fluctuating. On the one hand you had tariff measures of the utmost stringency; on the other, and particularly since the advent of the New Deal, you had attempts at modification, which, however, were very ingeniously evaded. Now, for us in this country—though, I am afraid statistics are not available as fully as they should be—foreign trade occupies a relatively very small portion of the total trade of this country. The Foreign trade of India had no doubt received a very great importance in the past, because of the needs of the former ruler, in this country and the necessity of that government to maintain its own economy at the expense of ours.

It is a common and old complaint of ours, to which I hope no one in this House will take exception, that the industrial possibilities of this country had been neglected, and allowed to run waste because the economic position and requirements of Great Britain, which dominated in this country, were not compatible with the possibility of India realizing all her latent resources and potentialities. Now, however, that this country and the people of this country have come to their own, now however that the policy of this country has to be determined with sole regard to the interests of this country, I do not see why we should continue the old policy, and hasten to go into such agreements, which after all are a heritage from the past, to which we need not regard ourselves as morally or legally committed, and which, therefore, we are bound to follow irrespective of the consequences that may follow to our country.

Trade again—if you will permit my indulgence in some theorising—is generally believed to be the result of Comparative differences in costs, the costs being measured in money. That I submit is a most illusive method of measuring real costs. Real costs involved in the sacrifice of men and material involved in foreign trade are hardly ever measured by money costs.

[Prof. K. T. Shah.]

Money costs in themselves, again, are the creation of a long complicated series of advertisement, connection, goodwill, enterprise and the quality and quantity of the goods available for trades into which we cannot enter at this moment. A backward country is bound to suffer in trading with a more developed, more enterprising, and perhaps politically and militarily more powerful country. At the instance and at the inspiration of such countries, if you are going to modify the basic policy of this country, for however short a period, I fear that the permanent interests of this country, the interests of future generation may be jeopardised.

I realize, Sir, that this Agreement is for a short period only, and that the legislation now proposed is intended to be in force only for a short period. Neverthless, the basic principle of the Agreement and of the Bill founded thereon seems to me not at all consistent with the basic interests of this country in the long run, and for the fullest possible development of our foreign economy.

I am not going to waste the time of the House by discussing the items on which concessions have been made by India or some benefit received, nor am I in a position to tell the House what will be the sacrifice of revenue, for instance, which is very badly needed in this country, by the concessions that have been agreed to. But taking the Bill as it stands, and looking at the spirit which motives that Bill, I am bound to say that if this country desires, within a measurable future, to attain National Self-sufficiency, if this country desires, within a measurable future, to develop all her latent resources and realize all her known potentialities, whether by large-scale industrialisation or by an active development of local industries—the so-called Rural and Cottage industries—where what is wanted is more organisation, better credit, larger marketing and more scientific appliances the lack of which impedes their proper growth more effectively than any inherent defect of their own,—then, I think, before we get entangled into international agreements and commitments of the kind that this Bill proposes, we ought to think twice.

I would, therefore, suggest that if it is possible, a suggestion like the one made by the Honourable the Deputy Speaker with regard to some kind of mechinery that would watch the working and progress of this legislation, as it were, or even a close and careful scrutiny of the measures through and by means of a Select Committee, would be very much to the advantage of not only the fullness, the propriety and the sufficiency of the legislation itself, but also to the interests of the House.

Sir, there is no denying the fact—and the critics of this country's demands themselves have admitted—that if only India was properly organised and minded to achieve it, there is nothing on earth that we cannot produce from our own resources. That has been an argument once upon a time against any protective measure in this country. Rather it was an argument used by those who were in power in those days to throw our resources to the wolves so to say. But now that you are in power in your own country, now that it is in the hands of our own people to shape the policy that is to guide the development of our national resources, I say, at this moment, for us to overlook the fact that, within a measurable time, within a given time, we are able to and can develop our own resources so as to meet our own minimum standards of our requirements all right, at that time to be tied down to the chariot wheel in the name of international cooperation, in the name of freedom of trade, and so on, to those who have ulterior motives, who have, I venture to say, their own axe to grind in securing or seeking to obtain free markets all over the world. I say that would be an act of folly which I trust this House will not be a party to. Both leaders in the United States and the United Kingdom

have quite frankly admitted their own particular outlook. It requires no very deep research to find that the interests of those countries are not always consonant with the interests of relatively undeveloped countries, or countries which have future possibilities like ours.

Under those circumstances, Sir,—seeing that this Agreement has been inspired by those who have their own motives, seeing that this Agreement specifically refers to "barriers" to international trade and wants to demolish them, seeing that this Agreement lays extraordinary stress upon the development of the freedom of trade, and does not quite equally stress the need for each country to develop its own latent resources,—I say seeing all this, it is necessary, it is important, for our own safety and for our own prosperity to think twice before legislation can be implemented on a basis like this. No country can really exchange, or trade, in terms of equality, no country can trade with any hope of substantial benefit to itself from such trade, if its own economic development is on a lower basis than that of the country with which it trades. It may be that here and there, in one article or another, you may get some benefit. It may be that in one place or another, you may appear to have obtained a concession. But in the long run, and with an eye to the ultimate development of all our potentialities, I venture to submit that if you get tied down to any degree to freedom of exchange such as this Agreement demands and the Bill founded upon it requires, when we have yet to develop our resources, we have yet to meet our own requirements at home,—in that case, and under those circumstances, I think that this Agreement and this Bill requires to be very much more thoroughly scrutinised than has been the case so far. I, therefore, suggest that at the proper time appropriate amendments should be moved to the various clauses to make the Bill less likely to hurt the long range interests of this country, or perhaps it might even be advisable for those in charge of the Bill to demand time for further consideration.

The Honourable Shri K. C. Neogy (Minister for Commerce): I am afraid I will have to inflict another long speech on the House. The very importance of this Bill as also the interest evinced by my honourable friends who have already spoken would justify such an infliction.

In the very first instance, I should like to give some more details relating to the background of this Agreement. Reference has already been made by my honourable friend Mr. Krishnamachari that it originates in a sense from an Article in the Lend-Lease Agreement to which India was never a party. If he were to go a little further backwards, he could have traced it even to the Atlantic Charter. But let us not be prejudiced by these considerations.

I should like to tell the House from what stage and in what manner the specific proposals that are now before the House came to be placed before the world. In November 1945, a scheme was prepared by a technical staff of the Government of the United States embodying proposals for expansion of world trade and employment, and it is this scheme that formed the basis for the consideration of the matter that we are debating here today. It did not profess to be anything more than a mere basis for the consideration of the subject matter.

So far as India is concerned, that particular scheme was subjected to a careful scrutiny by the then Government and elaborate notes covering all the various aspects of the question were drawn up, in which all the very important points that have been raised of a fundamental character, particularly by my friend Prof. Shah, were fully considered and those points were put forward with as much emphasis in those official notes as Prof. Shah himself has done.

[Shri K. C. Neogy.]

Subsequently, in August 1946 these Departmental notes and proposals and criticisms were placed before a Consultative Committee of Economists. I find that apart from the various officials representing the different Departments of the Government, there were present at this meeting a large number of non-official economists. I do not find, unfortunately, the name of my honourable friend Prof. Shah, though he participated in similar discussions at a later stage—I will be coming to that. (*Shri B. Das*: "He was not a *persona grata* with that Government.") I do not know. There are names here, but whether they are to be described by that expression, I do not know. However, all these proposals were carefully discussed and we have this official document embodying the substance of the very many criticisms that were levelled against this scheme.

Later, the matter came up before a Sub-Committee relating to Trade and Tariffs which that particular Committee of Economists had appointed. There again all these various aspects of the question were discussed at length.

A month later, in September 1946, all these papers were placed before the Trade Policy Committee. This Committee, I find, apart from including a large number of officers, included my honourable friend Dr. John Matthai, who was then the Finance Member. That was the first meeting of the Trade Policy Committee. I find among the names of non-officials, very many distinguished persons and I find also the name of Prof. K. T. Shah as a participant in the discussions of that Committee. There again all the various aspects of the matter were very carefully considered. (*Shri T. T. Krishnamachari*: "Was there a dissenting minute?" Dissenting speeches were made. I do not mean any disrespect to my honourable friend Prof. K. T. Shah when I mention that he also participated and, perhaps he differed from the majority of the members of that committee who were present on that occasion. (*Prof N. G. Ranga*: "What was the decision of that body?") The decision was that, on the whole, it was to India's interest to participate in an international organisation of that kind, because it would not do for India to pursue an isolationist policy in the economic field. That was the general decision arrived at by all the various bodies who had ever anything to do with this subject matter.

3 P. M.

Shri T. A. Ramalingam Chettiar: (Madras: General): Did not that committee also say that the particular interests of India.....

The Honourable Shri K. C. Neogy: The interests of India had to be safeguarded and, whoever was to represent the interests of India at the subsequent discussions that took place in London, at Geneva, at New York or at Havana, was expected to bear in mind certain fundamental questions for the purpose of safeguarding India's interests. Those, broadly, were the expressions of opinion that are found recorded in all these publications. *Shri R. K. Sidhva*: "Did they bear it all in mind?") Do not be impatient. My honourable friend Mr. Sidhva challenged me this morning as to whether I had read everything on the subject. He should have patience while. I tell him what all literature there is on the subject. ('*Hear, hear*').

Then we come to the First Session of the Preparatory Committee at which these proposals were considered and put in the shape of a draft. Later, in February 1947, the matter was considered by the Consultative Committee of Economists again. They reviewed the progress made. They reviewed the draft that was then available and which, let me tell honourable members, marks a considerable improvement over the original American draft. So far even as countries like India are concerned, these matters were considered by all

the economists. But I do not find my honourable friend Prof. K. T. Shah's name there. Perhaps be was a member of the other body, and not of this. Shortlyafter that,—actually this meeting took place on 24th February 1947 and the other meeting took place on 26th February or two days later—a joint meeting of the consultative committee of economists and of the trade policy committee was held for the purpose of reviewing the whole situation. And there were as many as 66 persons present representing the Government in various Departments, non-officials economists representatives of Indian States, representatives of industrial and commercial interests and so on. Sir, I find my honourable friend Prof. Shah was present on that occasion and he did put forward his own views to which we have just now listened. *Shri R. K. Sidhva*: "Will you mention the names of all members?" What is it? Does my honourable friend want to hear all the names of the 66 persons present read out now on this occasion? Well, I am prepared to place a statement on the table showing all the names. (*Shri R. K. Sidhva*: "I am not interested in the names. I want only the decisions") (*Prof. N. G. Ranga*: The House may be interested in the names. I do not know why any objection should be taken to reading out the names"). The only live issue over which some dissatisfaction was expressed on that occasion concerned the question as to how far Quantitative Restrictions on trade could be utilised for the purpose of safeguarding the industrial development of this country. That was the only issue, as far as I can see, of any importance over which there was any misgiving on that occasion.

Sir, later the Indian Delegation went to Geneva to consider the report of the Preparatory Committee, and at Geneva it was that the matter progressed in a more definite manner than ever before, so far as this particular issue regarding Quantitative Restrictions was concerned. Sir, it must be said to the credit of the Indian Delegation that they did their best to influence the opinion of the Conference at Geneva on this point. Unfortunately, however, even at this stage, the position relating to Quantitative Restriction was not found to be satisfactory from the point of view of India. At that stage the report of the Indian Delegation, so to say, was considered by this joint meeting. Here again, I find that Prof. Shah indicated his opinion that the Charter had not been drawn so as to meet the requirements of countries like India and that India would be morally bound by the provisions in the Charter once it was signed, and suggested a cautious approach to the subject, although he put his objection in a general form. I find that very few others who participated in that conference shared this general apprehension with him. The real point again was as to how far provisions relating to Quantitative Restrictions were to the best interests of India. I find that the Chairman, in summarising the discussions said this: "As regards Quantitative Restrictions, the Indian Delegation will take up the line that each country should have freedom to impose Quantitative Restrictions subject to certain limitations. Although the Delegation may find itself in a small minority, it will take up that line. This is the definite instruction given to the Indian Delegation for further negotiation. Then the Chairman added: "If this suggestion is out-voted, the Delegation will accept the Charter as it stands." In regard to the remaining Articles of the Charter, he said that there would not be much difficulty.

Now, this was the final instruction given to the Indian Delegation that considered the matter at Havana. It must be said to the credit of the Indian Delegation that they did succeed to a considerable extent in getting the position relating to Quantitative Restrictions modified. I will presently place before the House the relevant provisions of the Havana Charter which have, by a subsequent Protocol, been incorporated into a general agreement on tariff and trade which is just now before the House.

[Shri K. C. Neogy.]

Sir, originally, resort to Quantitative Restrictions apart from certain specific commodities like agricultural products and so on, was expected to be confined only to countries faced with balance of payment difficulties. That was the position more or less then. Now, as a result of the discussions at Havana, the scope for the application of Quantitative Restrictions was widened so as to cover, in the first instance, industries that had been established between 1st January, 1939, and 24th March, 1948, in respect of which Quantitative Restrictions could be resorted to without much difficulty. This would cover those categories of our industry mostly in regard to which it may be necessary in terms of the provisions of the Charter to apply this particular method in certain special circumstances without the requirement of prior approval of all the contracting parties. Such approval will be automatic more or less. But then, there is a further provision which is of importance from our present point of view because it enables a country to resort to Quantitative Restriction in the case of any industry established at any time on certain conditions. Now here it is that the requirement of approval is laid down and one has to prove in this category of cases that if having regard to the provisions of this Article, it is established in the course of examination that the measure is unlikely, that is to say, if we impose a measure of restriction of this kind, we have to prove that it is unlikely to be more restrictive of international trade than any other practicable and reasonable measure permitted under this Agreement which could be imposed without undue difficulty and is the one most sitable for the purpose having regard to the economics of the industry or branch of agriculture concerned and to the applicant contracting party's need for economic development or reconstruction. The Charter leaves us absolutely free to protect our industries in the straightforward manner, *viz.*, by the imposition of a tariff or by the grant of u subsidy. That liberty of action is not taken away and our delegation from time to time took care to assure itself that no concessions of a binding character had been allowed in favour of any country that may have auy unfavourable effect upon an industry that already enjoys protection or upon an industry that was likely to come up for protection in the usual manner. So, the normal type of protectiou is, I maiutain, virtually outside the scope of interference of this Charter. But in the special circumstances of the case as I have read out from the particular article 18, even the resort to Quantitative Restrictions would be permitted provided we were to satisfy the contracting parties that in practice it would not amount to anything more than what would be the case had we resorted to the normal methods of protection. I am merely giving my own version of the thing but I have read out the exact text. I take it therefore that the bulk of Indian opinion that interests itself in this particular question would be perfectly satisfied by the provisions of the General Agreement as they stand at present particularly with regard to the application of Quantitative Restrictions for the purpose of safeguarding the interests of indigenous industry.

Sir, I should now come to another general issue before I refer to some of the specific points raised by my honourable friends. It has been assumed that the General Agreement and the policy that underlies it is unsuited to a country like India and it has been assumed that in so far as India's exports of articles that must necessarily be in demand in the importing countries, any concession that India may have received in respect of those articles were not to India's own interests. Sir, I should therefore like to tell the House that the pattern of trade has been changing and has already changed in India. As my honourable friend Mr. Ayyangar said that due particularly to the partition of the country. India has lost her position, her dominating position in the markets of the world in respect of some of the principal raw materials that used to constitute the principal commodities of her trade. Sir, take the case of jute and cotton. As has been rightly pointed out, we instead of being an exporter

of raw cotton, are now a net importer of cotton to-day. Not merely that, we had to ban the export of certain varieties of cotton in the interests of Indian industry. So also in regard to jute. Instead of holding a sort of monopoly in respect of the raw materials which used to be exported apart from the jute-manufactured goods, we have to depend upon another country for the supply of raw materials for the use of the jute mills. In the case of oils and oilseeds again, our position has been very much affected by reason of the partition as also in the case of hides as pointed out by Mr. Ayyanger. What is happening to-day is that India is virtually emerging from the position of an exporter of raw materials to that of an exporter of finished products. Take jute. We yet hold the market for the jute manufactures. In regard to cotton instead of being an exporter of raw cotton during the war period, we established our markets for our cotton textiles in quite a number of countries. It is true that we have not succeeded in maintaining our position in all those various markets near about but even now even in spite of the comparative shortage of production of cotton taxtiles, we do have an export market for the manufactured cotton textiles. Take the case of oilseeds again. Gradually as a matter of policy we are encouraging the exportation of oils rather than oilseeds. That involves a slight process of manufacture. Even in the case of oils, I am hopeful that we are shortly going to have an export trade in soaps for instance for which there is a considerable demand from some of the neighbouring countries. Even to-day we have two delegations from two friendly neighbouring countries, Afghanistan and Iraq who are here at Delhi who have come to negotiate for the importation of some of the manufactured goods. I know it as a fact that even in regard to certain types of machinery made in India there have been enquiries received from some of the Asiatic countries. So, we are gradually emerging from the position of a country whose exportation consisted in mere raw materials to the position of a country which is likely to export consumer goods and other manufactured articles particularly to the neighbouring countries.

Sir, I would admit that from the point of view of a country whose export market relates to articles which are of an essential character from the point of view of the importing countries, perhaps the importance of such an agreement is not very great. But I maintain that from the point of view of a country that is emerging into a manufacturing country, the restrictions that used to prevail in the inter-war period over trade would be most harmful, because if quotas of a restrictive kind with which we are familiar during the inter-war period and which spell disaster for world trade, if these can be imposed by other countries, it would definitely be detrimental to the interests of India to have anything to do with the policy that might leave such a loop-hole.

[*At this stage, Mr. Speaker vacated the Chair which was then occupied by Mr. Deputy Speaker (Shri M. Ananthasayanam Ayyangar.)*]

From that point of view, Sir, I have not the least doubt in my mind that to-day the general agreement on tariffs and trade is of greater importance and significance to India than it was on the day that we initiated discussions at the instance of the American Government.

Sir, it has been asked why should we not take steps for the facilitating of importation of capital goods, and why should we at all agree to facilitating the import trade, in respect of any other commodity? I do not know whether it is the opinion of those honourable friends who have put forward this point of view that India is in a position to command supplies of capital goods from all over the world, and that we can say, "Here, you must supply us with capital goods and machinery, and also as we are going short of food, you are under a definite obligation to supply us food also. But we are not going to negotiate

[Shri K. C. Neogy.]

with you in regard to any matter in which you might be interested. It may be of interest to the House to know that in the course of our negotiations with the Czechoslovakia, from which country we expect some capital goods, some steel and some machinery, in the course of the negotiations with that country, a demand was put forward by them that we should agree to take a supply of glass bangles because that industry was at one time established in Czechoslovakia on the strength of the demand from India. We should not delude ourselves into the belief that we are in a position to command the rest of the World for the supply of just those things which are most essential from our own point of view. It simply cannot be done.

Sir, I should like briefly to touch upon a few of the points that have been specifically raised by honourable members in the course of this debate.

First of all, a complaint was made by Mr. Sidhva that he has not been told as to what the financial effect of the reductions that we have allowed would be. Now, may I in all humility, request him to turn to page 5 of the Memorandum that was circulated a few months back, and where the following sentence occurs:

"Taking all these factors into account, the loss of revenue likely to result from the concessions given by India is estimated at a little over 24 lakhs on the basis of figures for 1938-39, and about 34 lakhs on the basis of those for 1945-46."

Let me tell you that it has not been possible to separate—because that would be only a theoretical process—these figures into the share of Pakistan and of India. And so far as the present period is concerned, it must be remembered that the present agreement came into operation just nine months ago, and not even a year has been completed. It would be extremely difficult to give any estimate of the loss of revenue during this period entailed by the concessions that we have granted to the various contracting countries. But then, even if we calculate on the basis of the trade for a particular period, the loss that would be entailed by reduction in the duty, it would, I submit, be entirely a theoretical calculation, because the underlying object of this agreement, the underlying object of these various concessions that we have negotiated with other countries, is expansion of our foreign trade. Now, it is quite expected that as a result of such concessions, the volume of trade would increase; and therefore, whatever we may lose by reduction of rate of duty may even be more than made up by the amount collected on a particular item. That certainly would depend upon the actual expansion that takes place in the trade with regard to any particular item.

Sir, my honourable friend Mr. Sidhva mentioned mica, jute, chillies, spices, and he wanted to know in the name of goodness why at all we agreed to any concessions. Let me tell him that so far as mica is concerned, it has got to face competition from substitutes. So far as jute is concerned, the other day, I placed before the members of the Advisory Committee of this House attached to my Ministry, samples which have been sent down from America of paper bags, and bags made of other stuffs that have been substituted for jute bags in that country. As regards chillies and spices, I do not know whether in the case of those countries in whose favour we have made concessions, they form such an important and essential part as in the diet of our South Indian friends. If for instance, the prices were to go up, it is quite imaginable that they might do with a little less of these stuffs, but not certainly in the case of my South Indian friends. So we should not be misled by the appearances of things.

As regards cotton piece-goods to which my honourable friends made a reference, I may tell him that in the case of cotton piece-goods we have made a very good bargain with a country like Australia where the preference in respect of cotton piece-goods enjoyed by even the United Kingdom has been lowered and we are definitely benefiting by the lowered preferential tariff which operates now in favour of India.

Sir, a reference was made to certain concessions in point of duty granted in respect of certain French wines. My complaint against my honourable friend—I mean Mr. Sidhwa—is that while he was looking at one column of one page he altogether overlooked the parallel column. He was all the time looking at the column indicating the concessions that we have agreed to in favour of France, but did not look at the column indicating the preferences that France, in return has granted us (*Shri R. K. Sidhva*: "My question was why we gave that concession for wine"). We have to grant a concession in respect of a commodity which is produced in France, if we really want a concession to be given by that country. Now, France for one reason or other, stressed the importance of champaign in this context, and it might even have pleased French delegates to find that the rate of duty on champaign has been reduced from Rs. 19-11-0 per gallon to Rs. 16-8-0. Now, Sir, I must confess that my knowledge about the merits or demerits of the various types of spirituous liquor is very very limited. It seems that the more potent are not champaign and other wines which we find in this list and it will be observed that there has been no concession granted in respect of either brandy or whisky. Whisky of course is not made there. They tried their best to secure some concession in respect of Brandy.

Shri R. K. Sidhva: Is there no alcohol in champaign?

An Honourable Member: No.

Shri R. K. Sidhva: If I had not drunk it I would certainly not have known that it contains alcohol!

The Honourable Shri K. C. Neogy: I did not say it was a non-alcoholic drink. What I said was, judged from the volume of trade in champaign and other wines this trade is negligible if you compare the volume of trade in the case of say brandy or whisky. That was my point. Therefore, we had to grant certain concessions in respect of some articles with regard to which they wanted to have these concessions.

Here again, I should like to dwell on another aspect of the matter. It has been stated that it is inconsistent with our policy of Prohibition. I am not aware of any policy which has so far been adopted by the Government of India with which this is absolutely inconsistent. As a matter of fact we are merely making certain amendments in the Tariff Schedule which is already in operation. We are not doing anything which is contrary to any declared policy of the Government of India. Even if we were to adopt a policy of that kind which would not be consistent with the importation of any spirituous liquor at all, then there is an Article to which I would like to refer in this General Agreement, which could easily be availed of for the purpose of shutting down the importation of such articles altogether, notwithstanding any agreement that we may have arrived at. That is Article 20, which says:

"That nothing in this Agreement shall be construed to prevent the adoption or enforcement by any contracting party of measures necessary to protect public morals or necessary to protect human, animal, or plant life or health."

I take it that it would be quite feasible to justify such an absolute prohibition if we were to adopt it as a policy under that particular Article. At least that is what I have been advised by those who ought to know.

[Shri K. C. Neogy.]

My honourable friend, Mr. Sidhwa, wanted to be enlightened on very many matters. (*Mr. Naziruddin Ahmad*: Including spirituous liquor.") The other points that he raised have been dealt with by the many speakers who followed him so I will not touch on any of the other points that he raised.

Shri B. Das dwelt on the inequities of the Imperial preference rather from a sentimental point of view. Now let me assure him and the House that we are not seeking to do anything in this proposed Bill which will make it impossible for the Government to put an end, an absolute end, to Imperial preference, the moment we come to a decision to do so. It merely takes into account a policy that for good or ill is in operation at the moment and this House as a sovereign Legislature is perfectly entitled to demand the abolition of Imperial preference, and the moment that is agreed to nothing in this Bill will stand in the way of its being given effect to.

Apart from that, I would draw the attention of the House to a particular Schedule of the Bill. It is Schedule B. If you refer to the explanation to Clause 4 you find these words:

"Nothing contained in this section shall be deemed to limit in any way the duration of the amendment relating to the items, or portions of the items, specified in Schedule B."

This contains items in respect of Imperial preference and we have kept our hands entirely free to do just as we like and just when we like with regard to Imperial preference in respect of these specific items. (*Shri B. Das*: "Thank you, but when?") As I say, I am conscious I am addressing a sovereign Parliament. It is for that Parliament to decide when Imperial preference shall come to an end. But I think that it is not quite relevant to the present issue because we have to take into account the particular policy that is already in operation. But we are not doing anything either to form that policy or to approve it afresh. That is what I mean to suggest.

Srijut Rohini Kumar Chaudhuri (Assam: General): What is your opinion?

Mr. Deputy Speaker: Does not that explanation mean that the two year rule does not apply to Schedule B items? Therefore, Schedule B preferences will continue forever!

The Honourable Shri K. C. Neogy: It is the other way about. It does not affect Schedule B. We are at liberty to do whatever we like with the items in that Schedule and whenever we like. (*Shri R. K. Sidhva*: "The point is whether you have suggested it to the Cabinet.) Let the House express its opinion in the manner that it is open to it to express its views and then it will be for the Government to take full note of it.

Let us not be altogether misled by slogans. It is true that the history of Imperial preference has a political taint which makes it difficult for us to reconcile ourselves to it. But at the same time now that we have attained independence, can we not be expected to take a dispassionate view of things and examine the practical effects of the preferences that we have enjoyed? Have we in any instance in respect of any commodity and in respect of any country benefitted in any manner under this system of preference? I suggest that it is up to us to give a dispassionate thought to this issue from this angle. The political sting is no longer existing.

Shri T. T. Krishnamachari: May I ask the Honourable Minister if it is possible for him to produce before this House at some later date a comparative statement showing the good and mal-effects of imperial preference?

The Honourable Shri K. C. Neogy: I shall do my best to comply with the suggestion of my honourable friend but he will realize that apart from other

difficulties in the way of producing an exact picture in this matter the partition of the country has made the task rather complicated. I am afraid we may have to wait for a little while yet before we can be in a position to produce anything like an accurate picture on this subject.

Shri Biswanath Das (Orissa: General): May I know why no picture at all was given to us to form some idea of this? When the Ottawa Pact was placed before the Assembly for discussion, they supplied a lot of information and literature. But nothing has been done in this case.

The Honourable Shri K. C. Neogy: For the very good reason that Imperial preference is not directly an issue in this agreement.

If anything, we have reduced the preferential margin in respect of certain items and in certain items we have altogether abolished it as a result of the agreement between the countries concerned and India. So, if anything, this agreement has reduced the quantum of Imperial preference and that is fully explained in this memorandum which was circulated a few months ago.

I think I have taken up a lot of time of the House. I would only like to say a few words particularly with reference to the remarks made by my honourable friend Prof. Shah. We cannot afford to adopt an isolationist policy. India has already gained an honourable place in the councils of the Nations of the world. We have participated in numerous organisations that have been set up for the purpose of international cooperation, not merely in the field of politics but also in the field of economic and social activities. I have in my hand a chart indicating the very many bodies, agencies and other organisations that have been set up under the aegis of the United Nations for the social and economic welfare of the nations of the world. When I go through that list I find that India has participated and has made a contribution worthy of her to almost each and every one of these organisations.....

Shri T. A. Ramalingam Chettiar: Mainly monetary contribution.

The Honourable Shri K. C. Neogy: I differ from my honourable friend. But what about the monetary contribution that you expect today from one of these very organisations? (*Shri H. V. Kamath*: "May I request the Honourable Minister to circulate this lovely picture among the members of this House?"). I will lend my copy to the honourable member and that will give an idea of the array of those organisations, because that might stimulate the memory of some of my honourable friends as to how we already stand committed to a policy of international co-operation in both the political and economic fields.

The International Labour Organisation, I take it, is one in which some of my honourable friends are interested. The Food and Agricultural Organisation (called F.A.O. for short) is another. I need not remind the House of the importance of our adherence to this organisation at the present day. There is the United Nations Educational, Scientific and Cultural Organisation popularly called the UNESCO. Then there is the International Civil Aviation Organisation, the International Bank for Reconstruction and Development. My honourable friend was talking about monetary contributions. What monetary contribution are we not getting from this institution today—the International Monetary Fund which we have utilised to the fullest extent possible for the purpose of meeting our balance of payment difficulties and so on and so forth.

Among these organisations is the new proposed organisation to deal with international trade. Should it be said that it is with regard to this organisation alone that India will withold her co-operation? I would humbly submit to the House that it would not serve India's best interests to hold aloof from this field of international co-operation and that it would not do for her.

[Shri K. C. Neogy.]

to follow an isolationist policy as advocated by my honourable friend Prof. Shah.

This is all that I have to say. Several honourable members made the suggestion that the Bill had better be taken to a Select Committee. For what purpose? The agreement is an international document. You cannot change a coma or a semi-colon even. It is not open to you unilaterally to change any provision of the agreement. So far as the concessions are concerned they are negotiated concessions and all the concessions have to be judged together, because although they may have been negotiated between India and any specific country because of the multi-lateral character of the agreement all the concessions are claimable by all the parties to the agreement. Therefore we are not at liberty to change any of the concessions without reopening the whole matter. In other words, the House has got only two choices—either to accept the measure as it stands or to reject it.

Mr. Deputy Speaker: The question is:

"That the Bill further to amend the Indian Tariff Act, 1934, be taken into consideration."

The motion was adopted.

Mr. Nazirudin Ahmad (West Bengal: Muslim): I beg to move:

"That in part (c) of clause 2 of the Bill, for the words "official Gazette", the words "Official Gazette" be substituted."

With regard to this amendment it has come before the House several times and I shall take my chance once again.

Shri T. T. Krishnamachari: Sir, it is a convention that such amendments are merely given to the Draftsman for his consideration. It is a convention which the House has been following all along.

Mr. Deputy Speaker: The Honourable Speaker has already given an assurance to the honourable member and to the House that such amendments will certainly be taken note of by the Draftsman and considered. I therefore hope that my honourable friend will not press the amendment.

Mr. Nazirudin Ahmad: I would only submit that such amendments have often been accepted and at other times ignored. Otherwise I would not have passed it.

Mr. Deputy Speaker: The question is:

"That clause 2 stand part of the Bill"

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3 was added to the Bill.

Mr. Deputy Speaker: Amendment No. 4 in the name of Mr. Nazirudin Ahmad is only a verbal amendment and is a matter of form, which the Draftsman will take note of.

Mr. Nazirudin Ahmad: Sir, I beg to move:

"That the *Explanation* to clause 4 of the Bill be omitted."

It seems to me that this explanation has already been provided for in the Proviso. The *Explanation* says:

"Nothing contained in this section shall be deemed to limit in any way the duration of the amendments relating to the items, or portions of the items, specified in Schedule B."

That seems to have already been provided for in the proviso. The proviso says:

"Provided that in case the General Agreement ceases to apply to India, the Central Government may, by notification, modify any such amendment not relating to any item or portion of an item in Schedule B."

So the Central Government is not allowed to affect Schedule B in any way. That is clearly stated in the proviso and the Explanation is merely repeating the same that we cannot touch Schedule B at all. It is only a drafting point and I hope the Honourable Minister will consider it.

Mr. Deputy Speaker: Amendment moved:

"That the *Explanation* to clause 4 of the Bill be omitted."

The Honourable Shri K. C. Neogy: I am told that even if my honourable friend's contention were accepted as correct, a repetition of this kind would be justified by way of abundant precaution. That is all I have to say.

Mr. Nazirudin Ahmad: In that case I do not press it.

Mr. Deputy Speaker: Has the honourable member the leave of the House to withdraw the amendment?

The amendment was by leave of the Assembly withdrawn.

Mr. Deputy Speaker: I find that amendments Nos. 6, 7 and 8 are all of a verbal nature.

The question is:

"That clause 4 stand part of the Bill."

The motion was adopted.

Clause 4 was added to the Bill.

Mr. Deputy Speaker: I think amendment No. 9 is also of a verbal nature.

Mr. Nazirudin Ahmad: It is something better than a verbal amendment. Sir, I beg to move:

"That in the Proviso to clause 5 of the Bill; for the word 'when', the words 'if and when' be substituted."

The word 'when' would be appropriate when it comes in as a matter of course. But it is not coming in here as a matter of course. That is why the words "if and when" would be more appropriate.

Mr. Deputy Speaker: Amendment moved:

"That in the Proviso to clause 5 of the Bill, for the word 'when', the words 'if and when' be substituted."

What is the reaction of the Honourable Minister?

The Honourable Shri K. C. Neogy: I would leave it to the judgement of the House. But if you will permit me I now remember that I did not reply to a point that was made by you in your speech, and that was with reference to the first five items in schedule C which are imported duty free. You said that you did not know why raw wool should enjoy that concession. As a matter of fact I am told that we are doing nothing new and these are essential raw materials for certain Indian industries.

Mr. Deputy Speaker: The question is:

"That in the Proviso to clause 5 of the Bill; for the word 'when', the words 'if and when' be substituted."

The motion was adopted.

Mr. Deputy Speaker: The question is:

"That clause 5, as amended, stand part of the Bill."

The motion was adopted.

Clause 5, as amended, was added to the Bill.

Clauses 6 and 7 were added to the Bill.

Mr. Deputy Speaker: The amendment by Mr. Naziruddin Ahmed to clause 8 is also a verbal amendment, I find.

The question is:

"That clause 8 stand part of the Bill."

The motion was adopted.

Clause 8 was added to the Bill.

The Honourable Shri K. C. Neogy: I might explain to the House that all the three amendments that I propose to move to the Schedule are necessitated by certain increases in the duty that have already been effected by an Ordinance. The rates mentioned in the Schedule will have to be increased as indicated in these three amendments. I beg to move:

"That in Schedule A to the Bill, in Item 24(3), as proposed to be substituted, in the sixth column, for the words and figures 'Rs. 7-8 per lb.', the words and figures 'Rs. 9-6 per lb.' be substituted."

This is to be found at page 9 of the Bill.

Mr. Deputy Speaker: The question is:

"That in Schedule A to the Bill, in Item 24(3), as proposed to be substituted, in the sixth column, for the words and figures 'Rs. 7-8 per lb.', the words and figures 'Rs. 9-6 per lb.' be substituted."

The motion was adopted.

The Honourable Shri K. C. Neogy: Sir, I move:

(i) "That in Schedule A to the Bill, in Item 75(1), as proposed to be substituted, in the fifth column, for the figures '44' the figures '54' be substituted."

(ii) "That in Schedule A to the Bill, in Item 84, as proposed to be substituted, in the fourth column, for the figures '60', the figures '75' be substituted."

Mr. Deputy Speaker: The question is:

(i) "That in Schedule A to the Bill, in Item 75(1), as proposed to be substituted, in the fifth column, for the figures '44', the figures '54' be substituted."

The motion was adopted.

Mr. Deputy Speaker: The question is:

(ii) "That in Schedule A to the Bill, in Item 84, as proposed to be substituted, in the fourth column, for the figures '60', the figures '75' be substituted."

The motion was adopted.

Mr. Deputy Speaker: The question is:

"That Schedule A, as amended, stand part of the Bill."

The motion was adopted.

Schedule A, as amended, was added to the Bill.

Schedules B and C were added to the Bill.

The Honourable Shri K. C. Neogy: Sir, I move:

"That in clause 1 of the Bill,—

(i) the word 'Second' be omitted; and

(ii) for the figures '1948', the figures '1949' be substituted."

These changes have become necessary because the Bill was originally intended to be considered by this House during the last session. It is a verbal amendment which has been necessitated by the fact that it could not be considered during the last session.

Mr. Deputy Speaker: Amendment moved:

"That in clause 1 of the Bill,—

(i) the word 'Second' be omitted; and

(ii) for the figures '1948', the figures '1949' be substituted."

Mr. Naziruddin Ahmad: May I suggest that these are drafting amendments which should be left to the Draftsman? They are so formal that they do not require to be moved at all.

Mr. Deputy Speaker: Anyhow, I have put one of the formal amendments of the honourable member to vote and this would now follow suit.

The question is:

"That in clause 1 of the Bill,—

(i) the word 'Second' be omitted; and

(ii) for the figures '1948', the figures '1949' be substituted."

The motion was adopted.

Mr. Deputy Speaker: The question is:

"That clause 1, as amended, stand part of the Bill."

The motion was adopted.

Clause 1, as amended, was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Shri K. C. Neogy: Sir, I move:

"That the Bill, as amended, be passed."

Mr. Deputy Speaker: The question is:

"That the Bill, as amended be passed."

The motion was adopted.

PUBLIC COMPANIES (LIMITATION OF DIVIDENDS) BILL

The Honourable Dr. John Matthai (Minister for Finance): Sir, I move:

"That the Bill to limit the dividends which may be paid by Public Companies be taken into consideration."

I do not think, Sir, that it is necessary for me to explain in any detail the provisions of this Bill, because in the form of an Ordinance these provisions have been before the country now for some months and I think the House is generally familiar with the lines on which this particular restriction has been worked.

4 P.M.

I should like, in the first instance, to point out—in view of the variety of amendments of which notice has been given—that the idea of limiting dividends in this manner was announced by us in the Statement of Policy that we issued on the 4th October last, and it was only on the 29th of October—that is, three weeks after the Statement of Policy was issued—that the Ordinance was enacted. During this interval of three weeks I received a large number of representations from the interests affected by this Ordinance suggesting the lines on which the limitation of dividends should be formulated and we took a great deal of care and went to great pains in order to see that the manner in which this principle was given effect to was such as would cause least detriment to the interests concerned, and I have some reason for thinking that after the Ordinance was issued there has been,

[Dr. John Matthai]

on the whole, only a relatively small amount of criticism, making allowance for the fact that some kind of limitation was called for and had to be put into force.

The main object with which Government decided to issue this Ordinance was to provide a certain anti-inflationary force in the country. To the extent that a measure for limiting dividends would restrict the flow of purchasing power into the hands of the community, it would be an anti-inflationary measure. That therefore was the primary purpose with which this Ordinance was introduced.

But we had also an incidental object in view, and that was that by a measure of this kind it would be possible to help industrial and business concerns to build up their internal finance, so that in view of the difficult conditions prevailing in the money market all reasonable expansion could be financed by funds built up by business concerns internally. The limit which is proposed for dividends in this Bill is either six per cent. on the paid-up capital or the average dividend distributed by the particular concern during the two years ending the 31st of March 1948, whichever happens to be higher. Practically, the way it works out is that existing concerns would generally pay whatever average dividend was distributed by the concern during the two-year period in question, but as far as the new businesses are concerned, they would be subject to a limitation of six per cent. on the paid-up capital. That is how it would work generally.

While that is the limit imposed upon dividends which may be distributed, this limitation is subject to certain qualifications. One is that if during the period in question, that is to say the two years ending the 31st of March 1948, any bonus shares have been distributed to shareholders, the amount distributed as bonus shares would not be taken into account in calculating the average dividend on the assumption—and I submit to the House that it is a sound assumption—that bonus shares are by and large distribution rather of capital than of profit.

The second qualification is that if, since March 1948, there has been any variation in the amount of the paid up capital of any particular concern, there is provision in the Bill for making a *pro rata* adjustment of the average amount of dividend, that is to say, the same rate as was payable on paid-up capital during this two-year period would be payable also on the additional paid-up capital. (*Prof. N. G. Ranga*: "That point is not quite clear.") If the paid up capital of a particular concern as distinct from bonus shares has been increased since the termination of this two-year period ending the 31st of March 1948, then the additional paid-up capital issue will be eligible for the same roturn as the paid-up capital which the Company held during the two-year period.

The third qualification is that as far as preference shares are concerned, provision is made in the Bill for the payment of whatever rate has been fixed in respect of preference shares, but all future preference shares issues would be subject to a limit of six per oent.

Sir, I have examined with some care the various amendments of whioh notice has been given and I find, on running through these various amendments, that there is a certain assumption which is not altogether correct. The assumption is in certain of these amendments, that this measure is a measure which fixes what may be called a "fair return on capital". This

measure is not intended to fix a fair return on capital. This measure is simply a disinflationary measure, that is to say, the principal point behind this measure is that there should be no increase in the amount of purchasing power that is likely to pass into the hands of the community in the form of distributed profits. There are certain amendments, for example, whose object appears to be to lower or raise the rate of six per cent. I would like to tell the House that amendments of that character are not relevant to the main and primary purpose of this measure.

I may also draw the attention of the House to the fact that this measure is an emergency measure. We are faced with difficult inflationary conditions. It is in order to meet this particular situation that this measure has been introduced. The duration of the measure, therefore, is restricted to the period ending 31st December 1950. It is not intended, that this measure would continue beyond that unless inflationary conditions also continue. That is to say, this measure is not going to be extended unless the conditions which called it into being persist. But it is not going to be renewed as a measure for embodying in the legislation of this country the principle of fixation of dividend limits.

There is one more feature of the Bill to which I should like to invite the attention of the House and that is that this Bill is applicable only to public companies. It is not applicable to private companies. I want to state quite briefly what the intention is behind this particular provision. It is perfectly true, looking at the problem from one point of view, that it is important in the case of private companies also, that profits should not be allowed to pass in any excessive measure into the hands of the community because, where profits of that kind are derived, whether from private companies or public companies, they would have the same effect as far as inflationary conditions are concerned. Also, it is perhaps of equal importance in the case of private companies that they should be helped to build up internal finance in the same way as public companies are expected to build up internal finance under these provisions. But there is a very important consideration in respect of private companies which we cannot overlook and that is: that under our Income-tax law, the major part of the profits of a private company is expected to be distributed as dividend in order that there may be no evasion of super-tax. If we introduce a limitation of the kind that we propose for public companies, the result is likely to be—from such experience as we have—evasion on a very extensive scale of payment of super-tax. It is for that reason that we have left private companies outside the scope of this measure. It is a question of balancing public interests from two points of view. And on a careful consideration of all the factors bearing upon this, we have come to the conclusion that the public interest would be better met by leaving private companies out of the scope of this measure. It is very difficult in the case of a measure of this kind to make exhaustive provisions for meeting all sorts of contingencies which may arise. As we examined the application of this measure and thought of the possible cases which may come under review in the implementation of this measure, we felt there were cases which were likly to occur for which it would not be possible in advance to make specific provision. In fact, various cases have come to our notice, since the Ordinance was issued, which it would not be possible to deal with on a fair, just and equitable basis in accordance with the strict letter of the Ordinance. Therefore we decided that, in order to make the administration of this Ordinance convenient and just, it would be necessary for Government to take power to grant exemptions in cases which present exceptional features. That therefore is one of the definite provisions in this Bill. I think I have summarised the scope and content of this measure.

[Dr. John Matthai.]

Since the Bill come before the House, I have received notices of quite a number of amendments seeking to modify important features of this Bill. And, apart from these amendments that I have received from honourable members, ever since the introduction of this Bill was announced, I have received representations from several quarters calling my attention to one feature or another of this Bill and asking that I should give special consideration to them. In view, therefore, of the criticisms which have been made in respect of the provisions of this Bill, I have come to the conclusion that it would be in the public interest not to rush the Bill through, but to give the House adequate opportunities for examining its provisions. Therefore, as far as I am concerned, if the House is inclined to accept the motion which has been given notice of by my friend Mr. Naziruddin Ahmad that the Bill be referred to a select committee, the Government would not stand in the way. Sir, I commend the Bill.

Mr. Deputy Speaker: Motion moved:

"That the Bill to limit the dividends which may be paid by public companies be taken into consideration."

Mr. Naziruddin Ahmad: (West Bengal: Muslim): I beg to move:

"That the Bill be referred to a Select Committee consisting of The Honourable Dr. John Matthai, Shri T. T. Krishnamachari, Shri M. Ananthasayanam Ayyangar, Shri Arun Chandra Guha, Shri B. P. Jhunjhunwala, Mr. Homi Mody, Shri Khandubhai K. Desai, Shri S. K. Patil, Shrimati G. Durgabai, Shri Biswanath Das, Shri L. Krishnaswami Bharathi, Shri Sita Ram S. Jajoo, Shri R. Sankar, Shri B. L. Sondhi and the Mover, with instructions to report by the 15th February 1949, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Sir, the reasons for making this motion for sending the Bill to a select committee have been already furnished by the Honourable the Minister in charge of the Bill.

We have found that for some reason or other, or a combination of reasons, the investment market is completely stagnant. In fact it is very notificeable that very well-organised and well-supported flotations have not been subscribed to the extent they are expected to be subscribed. The result is that a good flotation even is not likely to be successful. I submit that industrialisation is largely dependent on the success of well-organized flotations. It is already the policy of the Government that it would proceed to nationalization of all the industries at once and for a long time to come private enterprise would be allowed to have full play. Taking all these into consideration it seems to follow that we should encourage flotations of companies so as to give full scope of employment of money. It is however felt in certain quarters that the investment market is controlled by the so called capitalists and there was a desire in certain quarters to book them and it was felt that if they could be controlled, the investment market would improve. But it seems to me there is a factor in the investment market, *viz.* the middle-class poor investors. It seems to me that their number is very large and capital from those quarters has become very shy. In spite of this Ordinance which is a very liberal Ordinance, capital is not coming into the market. Everybody is nervous as to what would happen. I do not want to go into the merits of these questions. In fact the dividend limitation to six per cent. is understood to give rise to certain misgivings. If we say, though even for a temporary period that the maximum dividend payable on flotations would be six per cent. you do not guarantee the minimum, so that the poor middle class investor will know that he will never get more than six per cent. but he does not know that his capital will be guaranteed. The risk of loss is very great but the chance of gain is not very decent. In view of the risks involved this limitation of dividend to six per cent. is a discouraging circumstance. Although it is tax-free as has been suggested, still the investor is a very cautious man and possibly not very courageous as in other fields.

I submit that these are matters which require and deserve careful considera tion. In fact I believe the Finance Department was preparing figures as to how many middle-class investors are really shareholders in big companies. I believe if a census of that kind is made and published, it would throw some light as to how far the capitalists are controlling the markets and how far the middle-class investors play their part in that field. I submit these require careful consideration in the hands of the Select Committee.

With regard to the personnel of the Select Committee I submit that it represents the different sections of the House and I am given to understand that the names are acceptable to Government. If the proposal for Select Committee is acceptable and if the names are acceptable, I think the House would have the advantage of a full and detailed consideration of the various points arising so that the report of the Committee would rather help the House in coming to a proper conclusion. Though the term of the Bill is very limited, still it may have a psychological effect on the market and though it is anti-inflationary in intention, it has, as a practical effect, acted as a deterrent to people coming to the market. With these few words, I submit my motion and hope the House will accept it.

Mr. Deputy-Speaker: Amendment moved:

"That the Bill be referred to a Select Committee consisting of The Honourable Dr. John Matthai, Shri T. T. Krishnamachari, Shri M. Ananthasayanam Ayyangar, Shri Arun Chandra Guha, Shri B. P. Jhunjhunwala, Mr. Homi Mody, Shri Khandubhai K. Desai, Shri S. K. Patil, Shrimati G. Durgabai, Shri Biswanath Das, Shri L. Krishnaswami Bharathi, Shri Sita Ram S. Jajoo, Shri R. Sankar, Shri B. L. Sondhi, and the Mover, with instructions to report by the 15th February, 1949, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five".

Both the consideration motion and the amendment are under consideration. It is open for discussion. Mr. Das.

Shri B. Das (Orissa: General): Sir, I support the motion. I do not wish to express any opinion about reference to the Select Committee. I do not think the time has come to discuss the bigger question that this House will have to face some day at a later stage. The first measure of socialisation was brought by the Minister of Works, Mines and Power and though my honourable friend the Finance Minister, I know, is not a socialist minded gentleman, I am glad he has brought the second Socialization Bill before this House. I Sir, had the misfortune to fight with you on the floor of this House and with my honourable friend Mr. Santhanam on the question of socialisation and nationalization. I now feel the time has come, inevitable circumstances compel my own Government to introduce socialistic measures and I accept it. I bow to it. Though my honourable friend informed that some of us have tabled amendments to lower the dividends, I think we need not give six per cent. and the Honourable the Finance Minister had forgotton the precedent that was laid down in the Electricity Act, 1948. There it has been laid down that in all utility concerns the basic earning should be five per cent. that means my honourable friend Mr. Mody will not get even five per cent. in his Electric shares and he will get only three and a half per cent. If that has been the desire of this House and we have agreed to it in the Electricity Act, let us go a step further and give five per cent. tax free and nothing more.

Sir a subject germane to this Bill under consideration arises in my mind. The Honourable the Finance Minister's predecessor told the House that he would introduce Bills to control gamblers—that means controlling Stock Exchanges of India. Nothing has been heard of it since March 1948. What has happened? We know of the panic which my honourable friend Mr. Naziruddin Ahmad referred to. All these are created by those gamblers in the Stock Exchanges which are not controlled by Government, who evade all taxes by certain system known as *badla* or something. My honourable friend Sjt. Mody

[Shri B. Das.]

will describe it better because he knows it better. I do not understand it. However I think before we take the problem of socialisation and nationalisation which is bound to come, let us also try and control those panic-mongers—I mean those who control the Stock Exchanges in India.

A welcome feature of this Bill which I very much like is that it is going to control the Imperial Bank. Today and yesterday we have been discussing the inequity of tariffs and we talked of Imperial preferences. I am glad to be assured by my friend the Commerce Minister that the moment the House demands Imperial preference will be done away with. May I just ask him as a Member of the Cabinet, why the Cabinet has not brought forward a motion here, or in the other sovereign House to do away with Imperial preference?

Sir, this Imperial Bank of India has a sorry tale. When the Honourable Finance Minister's predecessor made his announcement last year, we all felt happy that we will not allow a few European employees of the Imperial Bank to boss over a very few old, old men of our capitalist society who happen to be the Directors of the Imperial Bank. But they were the Directors under the British regime, and they still continue under the regime of my own Finance Minister. And what happens? All the wealth of the Reserve Bank has to pass through the sieve of the Imperial Bank and the credit goes to the English men or the English subsidised companies or a few favourite companies. Sir, the story was gossipped last year that Pakistan was the bee in the bonnet. "How can we get out of it?" We were asked. My honourable friend the Finance Minister is a great economist and a great financier. Let him examine this question. Does the Pakistan branches of the Imperial Bank pay anything towards the huge rates that the Imperial Bank pays, something like sixteen per cent?

Mr. Homi Mody (Bombay: General): I think 14 per cent.

Shri B. Das: Think of the huge sums of money that are passing!

Mr. Homi Mody: But at, to-day's market rate the dividend is only about four per cent.

Shri B. Das: But what about the heavy bonuses which have inflated the shares by ten times? Well, that is not the point I am on. The Imperial Bank takes all the credit, and it does not develop or encourage Indian industries. If this had been clear last year, we would not have promoted that State owned company with a capital of ten crores, I mean the Industrial Banking Corporation. I remember his predecessor declaring that the shares of the Reserve Bank should be limited to 113 or so, and that they should not be gambled upon by the gambling dens in the various stock exchanges. But what has happened in the case of the Imperial Bank? Shares have been gambled because there was no standstill order. (*Prof. N. G. Ranga*: "Are they your bankers?") They are not my bankers, I may have an account with them.

My national government declared its intention of taking over the Imperial Bank from April, but they have only Europeanised that bank more and more. Here I have this well authenticated document which shows that the number of Europeans in the First Grade under that Bank has risen from 2 to 22 since April 1948. Their grades have been revised and also twenty appointments from lower-grade officials to higher grades have been made and they all are Europeans. Still people blithely talk here that we have got independence! Seven senior appointments on Rs. 2,500 have been made and their occupants confirmed. They all are Europeans. Sir, there are so many other items here, and I think I will hand over the whole paper to the Finance Minister so that the working of this Imperial Bank of alien swindlers, may be examined. Here

is another item—entertainment allowance of Rs. 400 granted to Europeans mostly. And then pensions are guaranteed by the revised rules, at the rate of 1s. 6d. and not at the current rates. Sir, this reminds me of the Sterling Balance Deputation on which my friend Shri T. T. Krishnamachari participated in London and where the Europeans proposed taking all their pensions from the Sterling Balance in one lump sum and U. K. debited our Sterling Balances to the tune of 200 millions.

Well, Sir, I am glad my Government has had the courage to bring down the Imperial Bank a peg down. But that is not enough. We have to remove all iniquities whether sanctioned by my own friends, the old industrialists or others. We should not be responsible for this kind of inflated staff, and when we do nationalise the Imperial Bank, every Englishman in its employ must go. Sir, I am sorry to say that since independence has been gained by India, no Englishman employed by India has been loyal. I make this declaration on my own experience. The experience of members of Government may be otherwise. But my experience has been and my information has been that no Englishman has been loyal to India, and the misfortunes that we have gone through since August 15th 1947 were engineered and abetted by Englishmen under our employ.

Sir, to a question put by my friend Shri Ananthasayanam Ayyangar the Finance Minister replied yesterday though it could not be replied on the floor of the House, that the Imperial Bank cannot be nationalised at present. But, Sir, if we are to exist as an independent nation, we have to see that the Imeprial Bank is nationalised. It should not remain as the only scheduled bank that carries the wealth of the nation. The Reserve Bank is now the national bank and it should see that every scheduled bank carries the government resources and not a bank controlled by Europeans and managed by a few friends. Before the session expires, we must reach that conclusion.

Shri Khandubhai K. Desai (Bombay: General): Why all this reference to the Imperial bank? The shadow is too big for the picture.

Mr. Deputy Speaker: There is reference to the Imperial Bank in the Bill.

Shri B. Das: Mr. Desai has converted me and I have to-day advocated the policy of socialisation and nationalisation, but if he in his generosity wants not to socialise the Imperial Bank, well, then I will have nothing to say.

I do hope that the two objectives with which this Ordinance and this Bill were drafted, will be achieved. As regards combatting inflation, it is no use raising this issue here. A date will be fixed, I hope, when the Honourable the Finance Minister and his collegues will account to us how they have combatted inflation and if I am to believe the statisticians of his Department responsible for the issue of the index prices, I find that the index price has gone up and it has not gone down. Rather it is three to four per cent. more than last year's, somewhere in the level of four hundred per cent.

As regards the finances available for industrial development, I think this will lead to the amendment of the Companies Act. When we amended the Insurance Act we compelled the insurance companies' managers to invest their money in government stocks and shares. They will have to introduce in the Companies Act some such clause, so that if the Managing Agents of the company do not utilise surplus dividend in the capital programme of industrial development, then all that money should be invested in stocks and shares of the Government of India and not be quietly sent away to Australia or England so that some nest can be built up for my capitalist friends to live there on retirement.

[Shri B. Das]

With these observations I welcome the Bill and I hope the Ministry of Finance will pay special attention to the points I have raised and will have them examined properly.

Shri Khandubhai K. Desai: I accord my very mild support to a very very mild measure to fight inflation. The Finance Minister requires some support, because he has been flooded, it appears, with a lot of representations from vested interests. I do not think there is any necessity of referring this emergency measure to Select Committee. If opposition and objections are raised against such a mild measure, I do not know what the vested interests will do when we will take stricter measures to fight inflation.

My friend, Mr. Das, took up a lot of time in discussing the Imperial Bank. Though the name Imperial Bank is mentioned, the Bill has very deliberately been devised in such a way that the Imperial Bank would not be affected at all. (*Shri B. Das*: "Oh, yes: six per cent. and not 14 per cent.!") It has been laid down that the dividend that can be paid at six per cent or the average of two years, whichever is higher. (*Shri B. L. Sondhi*: "It means 14!") So the Imperial Bank will be paying 14 per cent. according to this Bill. What I would suggest is that it should be 'whichever is lower' and not 'whichever is higher'. That is my suggestion to the Select Committee and if it is accepted, the Bank cannot pay more than 6 per cent.

Then there is another point—the interest of six per cent. is too high if the purpose is to fight inflation. The six per cent. may for the time being be considered edequate, for giving an impetus and an encouragement if you want to consider it in relation to expansion of industry. For any other purpose and particularly the present one, I think the rate is high enough and it should be four per cent. only on paid up capital.

My friend, Mr. Naziruddin Ahmed stated that capital is very shy, very coy, very nervous. As our Honourable the Prime Minister had an opportunity to say on some other occasion, if capital is so coy, so nervous and is not able to come out, or does not want to come out, it does not deserve any protection or assistance at our hands. It must die a natural death. Why should it require protection when it has no buoyancy, no cheer, no strength as the Prime Minister then stated. I do not believe that my friend, Mr. Naziruddin Ahmed, has got in mind the purpose of whittling down this Bill. If it is so, then I think the Honourable the Finance Minister should not have brought in this Bill at all. It is a very very mild dose to fight inflation and nobody should object to it. Even that is being objected to. (*Prof. N. G. Ranga*: "Whittle down!") I would like to know whether those who are interested in making only more money, are still desirous of making more profits, paying more dividends in order to keep up the high prices and inflation and starve the common man? If that is their policy, if that is what they want to bring about in this country, then woe betide them. Sir, I would very strongly urge that the Bill be passed into law here and now, as it is an emergency measure and I think it is the first of its kind in a series of other measures which will follow in order to see that the common man in the country does not suffer. If the prices are not brought down during the next three or four months, I do not know what is in store for us?

With these words, Sir, I give my support, with this reservation, that it should be only four per cent. and the words "whichever is higher" should be removed and it should be substituted by "whichever is lower" in clause 3(b) of the Bill.

Shri R. K. Sidhva: (C.P. and Berar: General): I was rather surprised at the concluding remarks of my honourable friend, the Finance Minister, to the effect that he would have no objection if the House agreed to Mr. Naziruddin Ahmed's amendment for sending this Bill to the Select Committee. He had

made out a very good case. I was very attentively listening to him and I agreed that this Ordinance which he promulgated was in the fitness of things one of the Bills that would really reduce inflation. We are all anxious to bring down prices and so is the Honourable the Finance Minister. He has made public statements to that regard. Therefore, I am the more surprised that he should agree to send this bill to Select Committee, unless it is the idea that dividends should be enhanced. There can be no other reason if he feels as he says he feels. He has said that he has received many representations. He was not prepared to disclose it. May I know what kind of representations they were which we are not entitled to know? This House is being asked to send this matter to the Select Committee and we must certainly know before we are asked to commit ourselves to a certain motion, unless it is in the public interest that we should not know. But that is not in the public interest. In moving the amendment Mr. Naziruddin Ahmad said.....

Shri Khandubhai K. Desai: He did not say it.

Shri R. K. Sidhva: He definitely said it.

Shri Khandubhai K. Desai: The Finance Minister never stated it.

Shri R. K. Sidhva: Mr. Naziruddin Ahmad definitely stated that no money is forthcoming because the dividend is limited to six per cent. He made no secret of it. He may be right as also those friends who hold similar views. But I would like to know the views of the Honourable the Finance Minister as to why he is inclined to send the Bill to the Select Committee. He simply left it to the House. That shows that he is inclined to make amendments. This is an emergent measure. He made an Ordinance.....

Mr. Deputy Speaker: The Ordinance will continue till the Bill is passed.

Shri R. K. Sidhva: My point is that when he promulgated the Ordinance these views were ignored. He honestly feels that this is one of the methods and if he feels strong enough why is he surrendering? (*Shri Khandubhai K. Desai*: "He is not surrendering.") I do not know what has happened to send this matter to the Select Committee. (*An Honourable Member*: "It is usual")

No. You are on the Select Committee and some of you want to have the dividends increased. I do not mean Mr. Khandubhai Desai. He was quite definite in supporting the measure. I wish him all success in the Select Committee. He said that he would not allow a single comma or full stop to be amended in this Bill. I wish him all success. I thought that before we dispersed for the day this Bill will be made into law. To my great surprise something seems to have developed and this Bill is going to the Select Committee. If the House is anxious to get it discussed in the Select Committee by all means have it. I might tell you that we consider this Bill from this angle *viz.*, the prices and inflation. You have no idea as to what people say about them. There is no idea as to how long you are going to give dearness allowance, and what amount. Leave aside the labourers the poor servants also legitimately claim it. Naturally they will say that the index prices are going up and with what face can we tell them that they are not entitled. We are devising measures to bring down the prices. I am not in favour of giving more dearness allowance. I am in favour of bringing down prices, so that automatically everybody will be benefited. Every man is affected by the inflation. So we are trying to bring down the dividends by this Bill but it is now going to the Select Committee. I would like to know from the Honourable Minister what his own personal views are on the matter. I will support him if he states them. I will not support Mr. Naziruddin Ahmed because he has made it clear that he is not satisfied with six per cent. The Honourable Minister has been a party to the promulgation of the Ordinance and I would like to know from him as to what he feels about the measure and what are his reasons for sending it to the Select Committee.

The Honourable Dr. John Matthai: I can very briefly reply to the point raised by my honourable friend Mr. Sidhva. My views and the views of my colleagues are set out in the Bill before the House but because I have a great deal of confidence in the judgment of honourable members I would like to have our views examined by them.

Prof. N. G. Ranga (Madras: General): Sir, the Honourable Dr. John Matthai has excelled himself by reeling out before us that these are his views and those of his colleagues and he stands by them and at the same time he is quite prepared to allow them to be whittled down. Therefore he takes the risk of sending this baby into the bottomless bath. He is really not doing himself any justice at all. From one end it is being said that this limit is rather too low and therefore it should be raised to seven or eight or nine. But from other end Dr. Matthai ought to remember there was the complaint that the average of the past two years profits, it was feared, would reach up to a figure which would be considerably higher than six per cent. and therefore it is expected that some of the big profit-making concerns like the Tatas would be able hereafter to distribute profits exceeding six per cent. Even when this distinction was made between the older and new concerns this advantage was kept in mind by those who were in power. I do not know how far it is true but that was being said and I think sometime ago a memorandum was submitted to Dr. Matthai, the private individual as distinct from Dr. Matthai, the Finance Minister, in which this particular fear was expressed. That is one complaint.

The second complaint is why should this distinction between new and old companies be drawn at all. Once you make this distinction you necessarily create lot of prejudices against old concerns in the minds of those of us who do not want any such distinction and you also create a sort of disadvantage for those new concerns which today to weather all sorts of risks, make a profit and at the end of it they find themselves discriminated as against older concerns with whom they have to compete. Therefore we are anxious that this discrimination should either be completely done away with or it should be minimised as far as possible.

Thirdly I am personally not in favour of sending this Bill to the Select Committee. As Mr. Sidhva put it so powerfully there are interests in the country which are watching very carefully as to how we are trying to tackle this menace of inflation. You have tried to tackle it with the peasants by bringing in controls, compulsory procurement of their food grains at controlled prices and by failing to supply them the various controlled commodities that they themselves are very badly in need of. You are also trying to prevent any rise in wages and dearness allowance. As you all know from various quarters demands are being put forward by different sections of workers on the plea that while you ask them to accept certain sacrifices in the name of deflationary policy of the Government you are not doing anything else at all.

Mr. Deputy Speaker: How long more does the honourable member wish to speak?

Prof. N. G. Ranga: I would take only a few minutes more.

Mr. Deputy Speaker: The honourable member can continue his speech day after tomorrow.

The Assembly then adjourned till a Quarter to Eleven of the Clock on Thursday, the 3rd February, 1949